JPRS 77181

15 January 1981

East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2083

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COUNTERPLANS CRITICIZED--NOT ACCORDING TO SET OF MEASURES

Prague RUDE PRAVO in Czech 17 Nov 80 p 1

[Editorial: "The Set of Measures at the Workplace as Well"]

[Text] The Set of Measures for Improving the Planned Management System has already been known for more than 6 months. This is a sufficiently long time for central agencies, as well as sectors and economic organizations, including enterprises, to have taken all the necessary measures required by the new rules. It is also a sufficiently long time because it is not a matter of a totally new management system, but of the improvement of the currently valid system, of a change in the meaning of numerous indicators of economic performance, and especially because all of the new regulations which will become operable on 1 January of next year have not, and do not, place rigorous demands on material resources, but rather on attitudes.

It may be stated that at the central agency level all of the conditions have been created--albeit some later than others--so that the proposed plan for next year can be presented in its new conception, with high demands on individual effort and sensible requirements for the coverage of national industrial needs. However, it is more than evident now, that plan proposals for next year have been worked out in the old style and reflect long-term managerial habits. It seems that several economic organizations have failed to understand that preparation for the introduction of the Set of Measures and the development of proposals for the next plan must form compact unit, and inexcusably divided the whole exercise into two parts, to the detriment of the final product. The fact that the new elements embodied in the directives for plan development were taken into account too late by economic production units also contributed to this unsatisfactory result. Attention was directed first at quantitative indicators, and only then at the qualitative, and sometimes only at the last moment.

And although the plan is clearly an important component in management, one must judge the creation of conditions for the shift to an improved planned management system in a wider context. It is evident from the current findings of regional party agencies that the shift to an improved management and planning system by economic production units and enterprises is taking place quite unevenly. The change is occurring smoothly and without great problems in those economic units and enterprises which have been participating in the Comprehensive Experiment in the Management of Efficiency and Quality. This is understandable because these organizations had to deal 3 years ago with most of the conditions which are

now new for the rest of the economic units and enterprises. Because it was a matter of a limited number of organizations, greater attention was devoted to them and to the inculcation of an awareness of higher demands on work quality in enterprises, factories, and individual facilities took place in a more organized fashion, even though occasionally at an unsatisfactorily slow pace. But even so the experimenting organizations succeeded in developing a comprehensive system of quality control, in realizing reviews of standards, and in refining intraenterprise management regulations, including those relating to material incentives, premium schedules for collectives and individuals, etc.

The situation in all of these areas is more complicated in the remaining economic production units (not only those concerned with production, because the Set of Measures covers others as well). However, the publication of the Set of Measures about 9 months prior to the start of its applicability provided sufficient time for preparation, and for obtaining valuable findings and opinions from the experimenting enterprises, so that certain mistakes, which occurred in good faith, would not be repeated. It cannot be asserted that all organizations made their task easier for themselves by taking advantage of this opportunity.

Work on the introduction of the Set of Measures is for the time being concentrated primarily at the level of the general directorates of economic production units and enterprises, and to a lesser extent at the factory level. This is a shortcoming which, to be sure, may be partially rectified in the time remaining, but hardly in such a way that the principles of the Set of Measures could truly penetrate to every facility and to every worker, both of which are very important as the experiences of all the experimenting enterprises have shown.

The situation is better particularly at the larger enterprises, which have been characterized by an overall systematic approach to the working out of specific measures in pertinent areas, and which are conducting analyses of the economic performance of this year under the conditions of the improved system, organizing reviews of standards, etc. For instance, in the area of quality control the enterprises of the North Moravian region have developed long-term guidelines for raising the quality of their products.

Although a number of large enterprises are progressing well in their preparation for the introduction of the Set of Measures, one may not generalize. In contrast, there are many economic production units and enterprises where preparation has been insufficient. Standard review programs are being realized only in individual areas, the approach of labor commissions must be evaluated as purely administrative, tendencies are developing to undervalue the expected results from economizing this year and the possibilities during the Seventh Five-Year Plan. Some enterprises are "waiting for directives from superior agencies." There are also enterprises which are only now evaluating experiences gained from a visit to experimenting enterprises. This indicates that they have greatly underestimated the significance and importance of preparation for the improved management and planning system, that they think they will deal with the whole matter solely by directives and administrative intervention. In other words, they have not understood the thrust of the Set of Measures.

From this it follows that in the remaining time it is essential to intensify greatly political organizational work, and especially to insist consistently that worker collectives understand well, and promptly, the measures which have been

adopted and everything which they imply for their own activity so that they can, on the basis of this knowledge, prepare in a committed way the conditions for the implementation and development of their own initiative. It appears that certain enterprises, and even certain production or other economic units, are counting on the granting of various exceptions if they are not up to the preparation for the introduction of the Set of Measures and if the required turnaround is not achieved in their management. The Set of Measures itself states which directives of improved management it will be necessary to refine further and provides for the timely indication of additional measures, but this certainly cannot lead anyone to the conclusion that there will be case by case deviations from the directives and regulations which have already been formulated, or that they will be rewritten again. Quite the contrary, one may presume that, in particular, external economic conditions can develop still less favorably than expected and that to counter their consequences for our economy it will be essential to make certain measures even more strict.

How, then, is one to evaluate the current state of preparations? There is no doubt that much useful work has been completed and that a number of economic units and enterprises are well prepared. On the other hand, at the present time there is insufficient preparation at other units and enterprises, so that the total average may not be considered satisfactory. Can this be attributed to such objective causes as the effort to fulfill this year's targets and those of the whole Sixth Five-Year Plan which has not left sufficient time and energy for preparation for the conditions which come into force with the new year? Definitely not. This is not an objective cause, it is an admission that the level of management is not of the required quality, that it is exhausted by operative functions and neglects a conceptual approach, the creation of the conditions and circumstances which preclude the necessity for operational decisions.

It is possible to adjust many things during the remaining 6 weeks. But this presumes that the responsible industrial employees have not only the interest in doing this, but that they not begrudge either their own time or effort until, at the time of the introduction of the Set of Measures, they have either achieved, or not achieved, sufficient directives. After all, the important thing is not the improved system of planned management, but new approaches to the resolution of tasks and problems, and new ways of thinking springing from a high level of accountability for achieving those things which must be accomplished. To excuse oneself by saying that an organization has not yet received one specification or another is imprudent, transparent alibiing, which indicates a lack of understanding of the significance of the Set of Measures as well as a very low sense of social responsibility.

In short: these provisions are the last--even though all preceding practice has been based on the assumption that they are the first--that enterprises require for a positive approach to further work. Now the most important factor is the awareness of entire worker collectives that it is really impossible to continue working according to old methods, that it is essential to raise the demands on oneself and not consider anything to be successful which does not compare to the level of the performance of foreign competition, and which is not comparable with the products of leading producers.

9276
CSO: 2400

CZECHOSLOVAKIA

HIGHER PRODUCTIVITY THROUGH WAGE INCENTIVES EMPHASIZED

Prague MODERNI RIZENI in Czech No 10, 1980 pp 5-10

[Article by Eng Premysl Tomasek, first deputy minister of labor and social affairs: "Higher Productivity and a More Effective Incentive System Under Improvement Management"]

[Text] Rational deployment and efficient application of work forces and an effective system stimulating organizations and individuals to fulfill the vital tasks in our economic development are among the most important preconditions for further successful development of our national economy.

The focus of our economy on high efficiency, quality and economy of labor--as stipulated by the 15th CPCZ Congress--obligates all links of management to practical and specific tasks: to utilize to the fullest extent the production-technical potential and to set in motion production forces that are the decisive preconditions for the fulfillment of the outlined objectives and tasks.

From this perspective the role of the human factor--the working man--appears in the forefront as reflected also in the Set of Measures for Improving the Planned Management System of National Economy after 1980, which was approved earlier this year by the highest party and state organs.

In numbers of employed persons we hold a foremost place on the world scale; every other of the more than 15 million of our citizens is economically involved. We know neither unemployment nor semi-employment; in numerous branches of the material production and services there are even shortages of work forces--in terms of their professional structure.

The structural defect has been gradually increasing because work forces in some vital branches and developmental production fields have been steadily declining. The employment index in workers' and nonworkers' occupations has not been developing favorably; in production the number of workers follows a relatively declining trend, while the numbers of workers in auxiliary and service operations and technical-economic apparatus have been growing at a faster rate. This trend can be neither explained nor rationalized by the worldwide development caused by a rapid scientific progress, and thus, also by a gradual change in the character of labor.

The problems are so much more complex because the available resources of work forces for the years of the Seventh Five-Year Plan declined conspiculously as compared with preceding periods. While during the previous five-year plans we added 470,000 to 510,000 new workers to the labor process in each five-year plan, this resource has dropped during the Sixth Five-Year Plan nearly by one half; in the next five-year plan--1981 through 1985--employment will increase numerically by a mere 140,000 workers, and with a rather unequal deployment of the work force resources from a geographical point of view.

Furthermore, some facts which cannot be disregarded reflect the nonrational management of human labor. Thus, for instance, a standard number of workdays--260 days a year--was stipulated for the Sixth Five-Year Plan. After deducting paid vacation time, the annual fund represents approximately 245 days, of which we lose more than 20 days due to absence caused by injuries on and off the job, illness, various leaves of absence, absence without excuse, and undesirable fluctuations. That is not all. In some places of work the use of shift work amounts to no more than 70-80 percent; 20 to 30 percent is lost because of needless losses and idle time. The real cause of the inadequate use of worktime can be seen in breakdowns in the smooth operation of production, in consumer-supplier relations, in the low level of the managing operations, in prolonged work breaks, in nonobservation of the set start and end of the worktime as well as in the low performance of some individuals and teams. In industry alone every wasted minute represents a loss of products in the value of Kcs 5 million. We certainly cannot afford that.

The developments reached a stage where they demand thoroughly planned and prompt solutions. One of the methods to achieve an effective solution is a more expedient regulation of work force mobility and deployment, most of all so as to achieve societywide priorities, balance replacement of fixed assets and replacement of work forces, control the number and structure of work forces by means of standard bases, and most of all, increase labor productivity on every level in general. For that reason, there is such an urgent demand for efficiency, production discipline, work discipline, natural authority of the managers and qualitatively higher standard of the management. This applies to everybody, no matter where.

The Set of Measures keeps the solution of such problems in view. What is its primary objective? It strengthens the character of targeted and planned actions in the area of work force replacement; the work force plan is determined by means of normative relations and mandatory limits as an obligation for the entire five-year period with the proviso that it will be further specified in annual plans. The chronological horizon of balances and planning of work forces will be expanded over two five-year periods. This is important for an objective determination of the number and structure of the work forces, particularly in conjunction with the development of sciences, new technology and capital investment, because their time cycles are as a rule longer than one five-year plan.

Although a less regulated work force mobility has been discussed, it would be unrealistic to abandon the planned deployment of work forces under present conditions. For that reason, work force mobility will continue to be centrally controlled (regulated) even in the future by means of mandatory limits which will be determined for individual levels of management at an absolute value instead of the work force increments as thus far. For greater flexibility of the regulation of work force mobility it is anticipated that the limits will be determined for the entire branch--the economic production unit--within the framework of the okres. The principles make it possible in justified cases to set the limits for an entire kraj.

The principle of more effective stimulation of absolute work force conservation is most important. A positive role may be played here by individual wage incentives. In fact, the basic question is whether the average nominal wage or the total volume of wages (which is the resultant of two components, i.e., the number of workers and the level of the average nominal wage) should be the determining factors in the stipulation of wage development. Most economists agree that the total volume of wages related to planned tasks is decisive. If an organization achieves absolute savings in embodied labor--i.e., in the number of workers--it should be given an opportunity to use the funds it has saved, or some part there of to raise the average wages of those individuals and teams who deserve the credit for that accomplishment. This approach is commonplace in the industrially developed countries. For example, in the USSR the document on a further improvement of the economic mechanism and its effect on more efficient production and labor approved the principle that one half of absolute savings of work force, and thus, also of wage funds, belongs to those workers responsible for the savings. Wage incentives are determined for a period of 3 to 6 months. Ways must be opened in our country for the most efficient utilization of human labor; the Set of Measures keeps this in view.

It is proper to mention here some other measures, among them primarily:

--To establish a dovetailed system of socioeconomic priorities with the objective to narrow it considerably and subordinate to it planned work force mobility, including wage and social priorities;

--To determine the mandatory ratio of technical-economic workers (in the plan) in the total number of workers. To progress gradually to more exact criteria of labor consumption--to standards and norms of maintenance and numerical situation;

--To stress in particular the basic labor criteria, i.e., all types of standards, in order to eliminate unjustifiable discrepancies in the quality of standards providing the philosophy of well planned and of poorly planned work. Standards must be adapted systematically to the achieved technical-organizational standard of production. Obsolete techniques, technology and inadequate labor organization must not continue;

--To draft ten-year plans for the cadre, personnel and social development. Modern methods of selection and deployment of work forces must be applied here, and by the same token, realistic standards for social facilities in individual institutions must be determined. Planning of qualified cadres must be upgraded and in particular, objective needs of the further national economic development must be balanced.

This does not concern merely efficient management of production sources. The same principle applies just as urgently to capital assets, above all to high-efficiency machinery and equipment. The total value of production assets which exceeded the limit of Kcs 2200 billion follows a continuous upward trend. However, while machinery and power equipment in places of work has been increasing, utilization of capital assets has been declining and the growth of social labor productivity has been retarded. And precisely here great reserves exist in reducing the demands for new investment as well as in raising the efficiency of machinery and machine equipment. This is the main target in our effort for higher efficiency.

There is no other way but to increase the demands for rationalization of the managing processes, better organization of production and labor, faster introduction into practical application of scientific achievements and new technology, the most economical use of machinery and work forces, to put it simply, higher efficiency and performance of the work forces and of all links in our system of management. The criterion of each individual's material situation--and this applies to every shop, operation, plant enterprise and economic production unit--must be the demonstrable results of work. Honest, efficient and well done work must become the decisive criterion of merit for social progress.

An effective wage stake of organizations and individuals in the results of their work is of key importance for the solution of complex socioeconomic problems. The proposed measures strive for a radical change in approaches and attitudes in management and for practical introduction of wage policies.

The issue here is to enforce the principle of merit consistently in rewards for the work done, so that the situation of every organization and of each individual depend fully and directly on the results of their work and economy consciousness. Naturally, this calls for the application of more distinctive differentiations in rewards, corresponding to the social contribution. The wage development in the creation of our national revenue must be related as closely as possible to social labor productivity. The incentive function of wages, focusing on the vital aspects of efficiency, must be reinforced and at the same time, the amount of work and its rewards must be effectively controlled.

The implementation of those principles calls for fundamental changes in the wage mechanism--in the method of creation of wage funds and in their distribution. As a matter of fact, in their inner contents wages are not only an important economic but also a sensitive political indicator. Many individuals and teams systematically lag behind in their work; their efficiency is below average. Some of them fail to meet the prescribed norms, production and technological processes, and the work they deliver is not up to current standards. Most working people, however, rightly demand that rewards reflect a fair evaluation of their efficient and skilled work, and that those who fulfill their tasks well be rewarded accordingly. In such confrontations idleness, indifference and superficial knowledge and skill cannot pass.

The Set of Measures fully accepts these basic trends and objectives of wage policy. The characteristics of conceptual and planned approaches are reinforced in the methods of rewards. Long-term prognoses of wage developments and wage differentiation are being drafted. Regulations of the five-year guarantee of wage developments apply in the center's relations to the khozrashchot area. This is important in the face of economic production units and enterprises, because thus far the practice of contracting annual plans has frequently negated the results of the above-average organizations and favored the lagging organizations.

Although in recent years qualitative aspects have been applied in rewards, volume factors were still deeply rooted in evaluations of the socioeconomic development, as evidenced also by the wage development which is not in full agreement with the results achieved. For that reason it is absolutely imperative to make the wages payable contingent on the creation of national revenue and on the growth of social labor productivity; the sum total of wages payable should--and must--correspond with the values created by common work.

After 1980 the method of creation of wage funds will change in principle. Their decisive part--approximately 80 percent--will be determined by the net production indicator, or more precisely, "adjusted value added." This is in fact a newly added value which in terms of the macrostructure brings the wages closer to the created national revenue, and in terms of the microstructure, to the productivity of labor value added. The rest--about 20 percent--will be tied mostly to the return on production assets which expresses in general economic efficiency; that means that the amount of profits will be measured against the value of fixed assets and inventories ($\frac{P}{FA+Invent.}$).

The relations between the center and the khozrashchot area will be adjusted by mandatory regulations (standards and limits) for the entire five-year period; the five-year collective contracts will contain questions pertaining directly to our working people's interests. Personal wage incentives will be reflected all the way to intraenterprise formations, where it is possible to make reliable assessments of each individual's share to its contribution, i.e., the results of labor.

Those organizations that operate well and economically have good opportunities to increase their planned volume of wages payable, and vice versa. In addition to normative contributions to wage incentive funds, they will gain additional above-plan resources, particularly for accelerating the innovation process and for introducing technically advanced products and top quality products. Sluggish organizations working on the basis of outdated or inferior products will have their wage resources cut appreciably. The same applies to the production of inferior quality and to penalties stemming from the nonfulfillment of contractual obligations.

All types of premiums and rewards will be verified and focused without exception on the vital tasks in the scientific technological development and capital investment and on savings of labor added and labor content of all kinds. Along with it, the normative basis will be expanded and its quality improved in order to remove unjustified differences from the norms.

The fundamental approaches stem from the fact that workers who fulfill their individual tasks well should receive both moral and material rewards according to their merit. On the other hand, those who lag behind must expect consequences that will affect the amount of their wages. The fulfillment of those objectives will produce conflicts in strict confrontation with current practices. To be sure, extreme poles in wage differentiation not only between organizations, but also between individuals, will move further apart. Therefore, negative reactions may be expected from those who fail to demonstrate their ability--who fail to fulfill their assigned goals and tasks. On the other hand, organizations and individuals who achieved good results in their work enjoy better opportunities to gain more just rewards.

An important precondition to success is not only to master the new system, but also to support and help the party, trade union and state organs in creating a society-wide atmosphere to promote the principle of merit, the policy of denivelization and to differentiate more distinctly the method of rewards corresponding to genuine contributions to work for our society.

9004
CSO: 2400

CAPITAL MODERNIZATION STRESSED OVER NEW CAPITAL INVESTMENT

Prague MODERNI RIZENI in Czech No 10, 1980 pp 35-40

[Article by Eng Zdenek Lenoch, FMTIR: "Planning and Management of Capital Asset Replacement"]

[Text] Not all capital construction implemented in the past has been successful. Some projects suffered from serious shortcomings. Therefore, the Set of Measures for the Improvement of the Planned Management System after 1980 introduces a number of changes into the capital investment process.

In past years a number of measures were adopted with the aim of improving planning and management of the reproduction of capital assets. The most important of these measures were contained in the set of measures approved in 1972 by the CPCZ Central Committee Presidium and the CSSR Government with supplemental measures introduced as a result of the review of this resolution in 1975.

In spite of these measures, capital investment in our country does not proceed smoothly. On the one hand, as many examples demonstrate, the results are good to excellent. On the other hand, we have not succeeded in mastering completely all ramifications of this large-scale process, especially with respect to quality and economy. Part of the fault undoubtedly must be attributed to inconsistency and lack of discipline in implementing the adopted measures. But the cause is deeper and has to do with extensive tendencies and pressures surviving in our entire economy which are especially strong in the capital investment sector.

Therefore, the basic solution must be sought in broad relationships governing planned management; it must be comprehensive and involve many sectors of economic and political activity. Among other things, it calls for the establishment of a climate highly favorable to innovation, strong and effective stimulation of technical progress in the entire national economy to offer ample opportunity for highly efficient rapid recovery of investments.

At the enterprise level the issue is to bring about a situation where full utilization of existing capacity becomes more advantageous than the construction of new capacity; in cases where investment is unavoidable the planned investment must be achieved as efficiently as possible, i.e., by modernization, the use of advantageous international specialization, the

most advanced technology at the lowest cost and by securing the required labor resources; obsolete and inefficient capital assets must be eliminated in time and stabilizing transition programs implemented. The achievement of these objectives is predicated not only on the selection of a set of criteria, indicators and tools as a measure of progress achieved but also on the consistency of decisions and the application of both direct and indirect management tools to stimulate participants in the reproduction process to high output and efficiency and prevent thereby the shortchanging of society.

The requirement for such a principled comprehensive solution constituted the starting point for future planning and management of capital assets. This work began in 1976 and resulted in the preparation of a set of specific targeted measures with deadlines for implementation; this set of measures was approved at the beginning of last year by Government Resolution No 23/1979 and represents one of the key stipulations for improving the management system in the post-1980 period.

The tasks contained in the Set of Measures for the Improvement of Planning and Management of Capital Assets aim broadly at these objectives:

--Improving the quality of long-term capital investment plans and their implementation in the intermediate and annual plans. Raising the weight of the reproduction plan of capital assets for the long and intermediate term and annual segments as a conceptual tool for creating conditions for the preparation and implementation of capital construction. Intensifying the targeted and programmed approach in the planning and management of the national economy.

--Emphasizing fuller utilization of the means of production in the entire management system of the national economy. Stressing specifically the importance of improving the efficient utilization of existing industrial facilities throughout the entire planning hierarchy (at all levels of management) with respect to financial and credit instruments, material incentives and pricing policy before deciding on investments; placing greater emphasis on gradual modernization and the application of intensive growth factors, including refusal to authorize investments, where the potential of shift work is not fully exploited and where shortages of labor limit output markedly in an effort to achieve fuller utilization of available capacity.

--Making much greater use of scientific and technical development; raising requirements for timely, more realistic and concrete clarification of long-term opportunities for achieving technical progress in capital construction to raise the effectiveness of the reproduction process. Intensifying the linkage between the plan for the development of science and technology and the capital investment plan at all management levels especially at the level of central organs and VHJs.

--Specifying and intensifying more consistently the external and internal links between the plan of reproduction of capital assets and the other parts

of the plan especially the labor replacement plan at all levels, primarily at the ministerial level and that of the VHJs. Securing adequate labor resources to ensure full utilization of capacities.

--Requiring professionalism to raise efficiency. Rating efficient construction as an important and indivisible criterion of professional standards; emphasizing long-term economic profitability (future production expenditures), early recovery of investments, demonstration of the necessity of investment (including proof of full current utilization of available capacities including full use of shift work in the branch and the entire sector), determining whether the need cannot be met by rationalization measures, change of cooperative relations including international cooperation, primarily by an alternative obviating investment or by modernization (reconstruction) of existing capacities.

--Enhancing the influence of the financial system and exerting fiscal instrument pressure on the effectivity of capital investment in the preparation of the plan of reproduction of fixed assets and during its implementation and selection of capital projects; at the same time giving priority to modernization and rebuilding of existing capital assets over new capital investments. Orienting the impact of financial instruments towards better utilization of available capital assets, compliance with budgetary limitations, construction deadlines and technical and economic project indicators.

--Establishing a system of technical and economic indicators and criteria in the production and service capital construction sectors aimed at inducing investor, supplier and design organizations to practice economy in designing and implementing projects, ensure their speedy completion and start of production within set deadlines and compliance with planned technical and economic indicators. Tying economic accountability and the material benefits accruing to organizations unequivocally to compliance with the newly promulgated technical and economic indicators and the new criteria.

The Set of Measures for Improving the Planned Management System after 1980 also emphasizes the importance of the comprehensive economic aspect and economic impact of investments for the national economy, rather than their technical aspects.

1. Updating the evaluation procedure of investments which is in preparation is an important tool for assessing investment efficiency and a condition for their implementation according to plan. It is based on the principle that investment efficiency is not expressed and evaluated only at the conclusion of implementation of a given step in the project documentation but must permeate the entire process of the preparatory and all investment stages. Investment efficiency can be achieved only by constant examination of the various approaches leading to its attainment. Every even partial alternative solution must be analyzed not only from the viewpoint of technical feasibility but also from the efficiency aspect of the given solution.

Articulating and assessing the usefulness and necessity of a capital project is of fundamental importance. This follows also from the new conceptual formulation of economic efficiency which is expressed as a ("three dimensional") factor characterized by its comprehensive economic impact as a necessity for society and by the comprehensive economic requirements needed for its attainment. The principles deal in comparative detail with characterizing this necessity.

A comparative alternative solution expressed in terms of advanced technical and economic indicators is recommended as a tool for comparing the technical and economic standard of an investment. The system of technical and economic indicators applicable in the updated guidelines promulgated by the FMTIR delineates in detail the scope of the comparative alternative and the manner of its application and designates organizations which will prepare it.

The revision pays special attention to alternative solutions and the method for their evaluation. The criterion of choice of interchangeable alternatives is now broadened to consider also the nationwide scarcity of individual resources; in the initial stage the limited availability of capital funds, labor resources, fuels and energy must be considered. In practice, this criterion is applied by the introduction of the "coefficient of limited availability" of the respective resource derived from the nationwide proportions of the plan into the computation equation. This coefficient will be promulgated for individual periods.

It is also worth mentioning that the data and indicator system expressing the efficiency of capital investments is compiled to reflect comprehensively not only all substantive impacts and expectations of an investment with respect to yield and as a mutually complementary system but that it also must be in accord with the system expressing efficiency in plans of organizations and in the overall plan for the national economy.

2. Another important measure serving for the exercise of control by central authorities is the new definition of the role and authority of state review power for investments. In accord with the overall intent of the new measures which aim at strengthening management and planning by central authorities evaluation and partly also decision making is being concentrated also in this sector. In the future only the Federal Ministry for Technical and Capital Development and the CSR and SSR ministries of construction and technology will have state review authority over all important and centrally approved projects which are specifically included in the state plan. This measure aims primarily at ensuring objective evaluation by taking into account the broader impacts of investments.

A second measure extends review activity from examining the preparatory stage of an investment as currently practiced to reviewing documents in which the investment was first conceived, i.e., to documents dealing with development in broad terms, conceptual development studies, and investment plans for individual construction projects and systems because experience has shown that low efficiency of newly built capital projects manifested by the underutilization of their capacity, shortage of labor, output marketing difficulties and procurement problems involving raw materials, supplies and energy are all rooted in poor conceptual preparation of investments. In making decisions about investments the different broad relationships and linkages between new investments and the existing stock of capital assets and other societal reproduction sectors are not properly weighed and considered. Also the time factor is not properly taken into account nor the conditions in which the newly built capital projects will operate when completed. Analyses demonstrate that in decision-making on investments the efficiency of planned capital assets is not viewed as the decisive key factor but is a secondary result of material, balancing, production and technical decisions.

Therefore, the new orientation of the state review process aims at inducing central authorities to concentrate on evaluating the basic investment concept in the broadest societal context to find the socially most rewarding solution with a promising outlook for the future. Other sectoral government organs, planning commissions, the Ministry of Finance, the Federal Ministry of Foreign Trade, price control authorities and the Czechoslovak State Bank will continue to play a role in the state investment review process. Increasing the influence of central authorities by strengthening the state review process is in accord with the measures introduced in planning which were designed primarily to increase the importance of long-range plans and programs. It is based on the belief that branch ministries will pay increased attention to all conceptual long-term problems and ensure high quality in the preparation of technical and economic aspects of the developmental plan.

3. As has been stressed before, the issue is not only to define and demonstrate the efficiency of a capital project, but mainly to apply it in practice in the reproduction process. Therefore, the khozraschot accountability of the VHJs must be consistently upheld and "all results (positive and negative) of the activities of VHJs in all sectors including the reproduction of capital assets, technical development and foreign trade be reflected to a stated extent in material incentives and the availability of necessary funds to ensure that differences between properly and poorly managed organizations which will thus come to light will stimulate well managed units but also lead to the adoption of effective measures in units managing poorly with the aim of removing shortcomings and achieving a turnabout..."

Revisions in the planning and financing of two basic investment categories aim at raising the efficiency of reproduction of capital assets in practice. One category--projects identified in the state plan, those subject to approval by central authorities and other projects with budgets exceeding Kcs 2 million--will be financed from the construction fund from sources named in the financing plan which, in accord with the investment plan, concerns especially the five-year plan. So-called fixed-limit investments--projects with budgets under Kcs 2 million, machinery and equipment not included in construction project budgets--will be financed from the development fund formed of profits, writeoffs and other sources.

The system of planning and financing fixed limit investments (with means accruing from the developmental fund) which implicitly emphasizes efficiency and investment recovery is designed to prevent "phasing" of investments on the basis of limits and conversely stresses the criterion of merit. Procurement of a considerable part of the investment capital by resource formation and compliance with set technical and economic indicators and criteria is emphasized.

The five-year plan will stipulate fixed-limit investments (volumes) for individual ministries. In turn, in their own five-year plans, ministries will set standards for the formation of developmental funds by VHJs and also technical and economic criteria for the procurement of fixed-limit investments. The VHJs five-year investment plan must comply with the stipulations of their ministry's plan. In this way investment planning is expected to be

improved all the way from central authorities down to VHJs (or enterprises) by ensuring that planned investments are secured by planned formation of resources and by inclusion of set technical and economic criteria in the plan as a condition of procurement of fixed-limit investments. These conditions then govern also the implementation of fixed-limit investments. Their implementation depends on the formation of an appropriate developmental fund and compliance with set technical and economic indicators and criteria. But the mere establishment of a fund will not automatically authorize the VHJs to invest. Even VHJs with adequate resources in the developmental fund will not be able to use them for investments unless they comply with the economic criteria, conditions or indicators set by their superior central organ. VHJs will have to comply, for example, with orders to modernize, meet a set level of utilization of means of production or work in shifts, etc., or some of these measures. The central branch organ can insist also on its right to authorize some specific decisions concerning fixed limit investments (for example, investments requiring considerable labor resources, foreign imports, etc.). In decisions of subordinated VHJs (or of VHJs about investment decisions made by their subordinated enterprises the authority of central branch organs will, therefore, be enhanced.

The proposed system will subject investments to more exacting . stricter economic criteria than is now the case. "Availability of funds" is not the issue in any investment.

8664
CSO: 2400

RATING FOR BONUSES IN RETAIL TRADE DISCUSSED

Prague PRACE A MZDA in Czech No 10, 1980 pp 510-514

[Article by Dr Bohuslav Kahle, Central Trade Union Committee of Retail Trade Employees]

[Text] It was already announced at the 15th Party Congress that the realization of all the guidelines and targets outlined by this congress is inseparably connected with the consistent application of qualitative factors of political, social, economic, and cultural growth. The evaluation of the quality of work belongs, without a doubt, among the most difficult tasks which must be taken care of in implementing a just wage policy in every organization. The evaluation of the quality of work deserves special attention in the retail trade branch, the work of which is visible daily to millions of our citizens.

The problem of evaluating work quality within the overall system of material incentives is not a new one in retail trade. Attempts at establishing an appropriate connection between the evaluation of the amount and the quality of performed work had already appeared in the sixties, and an attempt to strengthen the bonus component of this took place, in particular, at the time of the preparation and implementation of new principles for rationalizing the labor and wages system in retail trade. However, the existing methods for determining these matters had one common shortcoming--they consisted, for the most part, of penalizing the employee for low quality work, for offenses, for failing to follow directions, and for disturbing labor discipline. It was a matter of lowering established bonuses by the amount of discounted work. No one had to be concerned with the systematic evaluation of the work quality of individual workers and collectives for the purpose of awarding bonuses.

Even the current quarterly bonuses--although they are called in the wage regulations bonuses for the quality of performed work, have had only a little bit to do, in the final analysis, with an evaluation of work quality. These bonuses have acted in practice--because awarding of them has been tied to a specific level of fulfillment of the plan for retail trade turnover--more or less as premiums for plan fulfillment. Under this system, even a worker producing work of low quality has often received a bonus solely because he has not committed any clear offenses, but primarily because the retail outlet fulfilled its quarterly turnover target. On the other hand, an employee with a superb performance record did not necessarily receive a bonus only because his operational unit did not

fulfill the plan. On top of this, some sales outlet managers have divided bonuses equally among their subordinates by simply dividing the shares awarded to an operational unit by the number of employees. At the same time it is necessary to note that employees of retail trade units have only an indirect, or less than total, influence on the fulfillment of turnover targets. They do not produce the very goods which the consumer demands. And because of this it has been necessary, and it is often still necessary, for the purposes of the incentive system to include certain lots of goods of which there is an insufficiency only subsequently in the level of planned volume.

Clearly it is impossible to deny the need for evaluating the amount of work performed in retail trade. The first responsibility of retail trade employees is to attempt to overcome deficiencies in the product mix, and to assure supplies of goods which are lacking for the fulfillment of planned targets and for the full satisfaction of consumers. However, at the same time it is necessary to contribute, by appropriate material incentives, to an improvement in consumer relations, and to a resolution of quality deficiencies which do not originate in production or anywhere else, but only, or primarily, in the work of employees in retail trade. As findings of objective inspection agencies have shown, it is also often the case that managerial employees--in particular inspectors, instructors at sales outlets, and enterprise inspectors, are not demanding enough and often inconsistent in the systematic evaluation and supervision of their subordinates. This stems primarily from the unhappy discovery of violations of the regulations governing consumer protection. Significant shortcomings are also evident in the protection of socialist ownership. The number of deficits discovered in objects submitted for an accounting has remained at the same level in recent years, with the average deficit increasing moderately. Damage to goods, especially in the transporting and warehousing of retail trade goods, is consistently high. And even though detailed return procedures were issued a number of years ago by middle management levels, we are still constantly encountering improper approaches to returns and to customers who try to return goods.

Still a subject of frequent, justified criticism is the failure to maintain a minimum product mix for the whole operational period, and shortcomings occur in the appearance of tables and in the menu offerings at restaurants of particular price categories, in the furnishing of hotel rooms and in the availability of services to residents, as well as shortcomings in the work of travel agencies, unjustified closings of sales outlets, incidences of inadequate sales hygiene, and the like.

Therefore, at its seventh session, the CPCZ Central Committee directed the services sector to find new approaches and wage forms which would emphasize an evaluation of quality in the area of the incentive system. This was a common task for economic agencies and union organizations, and received emphasis also in the conclusions of the Ninth All-Union Congress. Therefore, following verification in 23 chosen organizations of federal and cooperative retail trade, there will be, beginning 1 July of this year, a gradual implementation of a new method for evaluating work quality, and a recognition of bonuses as compensation for work of exceptional quality and for maintaining a desirable level of services.

Understandably, commercial organizations do not receive any special increase in wages payable for this new form of material incentives. Matters will lead, therefore, to the allocation of the existing quarterly bonuses for retail trade workers as two independent forms of wages--a quarterly premium for fulfilling the plan for retail trade turnover, and monthly bonuses awarded for high quality labor performance.

An active approach to the evaluation of the individual over a relatively long time is the main principle of material incentives for labor quality in retail trade. On the basis of a trade union proposal, evaluation stems as well from the necessity for a balance, and a mutual connection, between an attitudinal and material evaluation of work quality, which in turn contributes to a closer tie between material incentives and the performance and evaluation of employees in socialist competition.

Bonuses for exceptional labor quality, which serve to increase the interest of sales outlet employees in the highest possible level of service and in wage differentials for exceptional employees, have a decisive role to play in improving quality evaluations in retail trade. A bonus is not awarded for fulfillment of normal work responsibilities. In demonstrating an exceptional level in the quality of work which has been performed, the following factors are of special importance:

--high quality of service, including advising activities;

--the active offering of goods for sale;

--the rational utilization of work time, leading to speeded up customer service;

--highly directed labor organization (personal, on the part of managerial workers, and by the whole collective);

--initiative in developing new labor forms, and the transmitting of experience and knowledge to new and younger employees;

--appropriate variety in the assortment of goods offered for sale or on menus;

--a high level of accommodation services;

--performance achieved in the Socialist Work Brigade movement.

The evaluation of individual employees which is to serve as the basis for awarding bonuses is to be conducted by the manager of the operational unit in cooperation with an inspector (instructor) and the sectoral advisor from the Revolutionary Trade Union Movement. Managers of operational units are evaluated by a work group determined by the managing organization in cooperation with inspectors (instructors) and a representative of the relevant agency of the Revolutionary Trade Union Movement. The Ministry of Trade and consumer cooperative unions, in consultation with the Trade Union of Retail Trade Employees, has issued methodological directives which contain more precise instructions regarding the evaluation of work quality in specific occupations. Different criteria must be

established for managerial employees in retail trade operations than for the remaining workers who are subordinate to them. Special criteria must be established for receptionists. Basically, for each of these employee groups criteria have been established, based especially on the evaluation of:

1. Service quality, i.e. adhering to the techniques and standards of food preparation, polite interaction with and attention paid to customers and guests, and emphasis on speed, completeness, and precision in meeting customer needs;

2. Attention to goods and their mix, and especially to timeliness and completeness in ordering, maintaining the minimal product mix over the total hours which a store is open, the prompt attention to return claims, and adherence to guarantee periods;

3. The order, cleanliness and overall upkeep of a facility and its employees;

4. The efficient organization of one's own work (and that of supervised workers) leading to rapid customer service, and initiative in the development of new labor forms and the transmission of experience to new workers;

5. The prompt, precise and professional fulfillment of duties assigned by a superior employee;

6. The rational utilization of labor time leading to improved customer satisfaction, better stockpiling and warehousing of goods, and the cost conscious treatment of materials and energy.

Each of the established criteria is evaluated independently by assigning points according to the following scale:

exceptional level (performance)	3 points
above average performance	2 points
average performance	1 point
below average performance	0 points

A bonus for exceptional labor quality is awarded to employees who have achieved 12 points, in addition to not having been evaluated as below average in any category. Employees are not evaluated who have committed serious or repeated offenses during the period covered by the evaluation (i.e. disruption of the labor regulations for sales outlets and public eating establishments), as well as workers who participated in a demonstrated deficit in items submitted for accounting.

The basic evaluation period is 6 months, but it can be quarterly under certain conditions established by regulations. The lowest bonus in federal retail trade managed by the Ministry of Trade amounts to 10 percent and, in consumer cooperative and public eating organizations managed by the national committees, 8 percent of the basic pay of the evaluated employee. The same percentage has been established for all those who are evaluated. The established bonus is paid out monthly over the whole 6 month calendar period (or quarter) following the evaluation. In the event that a serious shortcoming is discovered in the quality of

work performed subsequently, the established bonus is revoked as of the first day of the month following the discovery for a period of 3 to 6 months. Employees who were not evaluated, but who achieved at least 6 points and were not considered below average in either of the first two categories, may be awarded a bonus for upholding required service levels. These bonuses are secondary to those awarded for exceptional labor. They may be used on the basis of a decision by a managing organization and a PV (Factory Committee) of the Revolutionary Trade Union Movement within the framework of the usable volume of wages payable, with a view to the specific conditions of the relevant organization. Therefore, they will be utilized frequently, for instance, in retail trade in foodstuffs, fruit, and vegetables, where as a rule premiums for the fulfillment of retail trade turnover will not be applied, in accordance with the regulations on the sale of certain types of goods. In every instance, however, the volume of resources designated for bonuses for exceptional labor quality must amount to at least two-thirds of the volume of resources designated for bonuses for the upholding of the required level of services, and a bonus for exceptional labor quality established for certain employees must be at least two times greater than a bonus for upholding the required level of services. Both types of bonus may be awarded to retail trade employees in addition to either an hourly wage with premiums or a mixed wage.

A critical, and definitely the most difficult, task is conducting the most objective possible evaluation of work which has been performed. This is a demanding, responsible, political, and professional task. It is always much simpler to evaluate the amount of work which has been performed than its quality. It is easier to explain to an employee that he is receiving less because he sold fewer goods, than to explain that he sold them in a low quality manner, and therefore he is receiving less than another. The evaluation of labor quality is, clearly, also more subjective.

It is obvious that attention must be paid to the results of inspections by authorized agencies, the opinion of national committees and consumer inspection councils, and the authorized comments, complaints, and compliments of consumers.

The participation by union authorities, which has been significantly increased in these new evaluations, is designed to assure an important element of objectivity in quality evaluation. The evaluation of individual employees, which is the basis for a proposal for awarding a bonus, is realized in conjunction with appropriate union agencies, as has already been mentioned. Clearly, the precise conditions for awarding bonuses, just as the method for work evaluation, will be the subject of agreements with the appropriate factory committee of the Revolutionary Trade Union Movement, and in particular, the object of collective agreements. The role of the professional committees of the Revolutionary Trade Union Movement and the regional and urban trade union committees of retail trade workers is also growing because, within the framework of the methodological directives, a general directorate or regional national committee can announce more detailed modifications of the considerations for quality evaluation, in concurrence with the appropriate union authority and according to their own needs, or local conditions.

It would be a fundamental mistake to consider the introduction of bonuses for labor quality as a wage issue, as a task only for subdivisions of the economics of labor and wages. The evaluation of labor quality in the operation of retail trade is, first of all, a matter for the whole economic leadership at all management levels. Certainly the evaluation of the quality of the work of subordinates, the application of socialist compensation principles, and awarding compensation for exceptional labor efforts by individuals belong among the fundamental responsibilities of managerial employees (section 74, paragraph 1, letter d of the Labor Code). The method of evaluation provides a certain guide to the fulfillment of this responsibility, and objections to the amount of work this requires stem especially from a disinclination to differentiation of compensation, and from a lack of understanding of its necessity if the quality of work is to be raised.

It is not necessary to delude ourselves that the application of rigorous criteria for the evaluation of labor quality, and the introduction of new bonuses will be easy. This application must be viewed in its overall context, in relation, for instance, to the continuing shortcomings in product mix and the taut labor force balance in retail trade. On the other hand, it is necessary to understand that not all our employees are at the same level, and if we want to raise the level of the services which we provide, we must increasingly differentiate employees who perform quality work from the rest, in part by the amount of their bonuses for work they have performed. Here as well the words of Comrade Hoffmann at the Seventh Plenary Session of the Central Council of Trade Unions apply to us. In his concluding comments he called our attention to the fact that there is either no difference, or only a small difference, in the wages of the best, most committed employees on the one hand, and the weakest workers on the other. All managers and union functionaries--especially members of factory committees and wage commissions--ought to permanently govern their activities by the principle that only the person who performs good work is worthy of a good wage. The Set of Measures for Improving the Planned Management System of the National Economy is also based on this principle, which is being implemented gradually in retail trade as well. That old slogan--"Produce in a quality manner, sell in a quality manner"--still applies, and particularly at the present time. The new element in the quality evaluation for bonuses of employees in retail trade is intended to contribute to its implementation.

9276
CSO: 2400

ARTICLE COMMENTS ON SIXTH FIVE-YEAR PLAN MEASURES

Budapest FIGYELO in Hungarian No 47, 19 Nov 80 p 3

[Article by Ivan T. Berend, Rector of the Karl Marx University of Economic Sciences: "Comments on the New Five-Year Plan"]

[Text] Being in a tight corner has some hidden advantages. How difficult it is to make a five year plan in the midst of the present ever-changing world economic situation! And how useful, from the standpoint of the more long term future, to be forced to think of ways to bridge this difficulty in the preparation of the plan.

They could not but leave open certain possibilities, think in terms of alternatives (more or less favorable) when, in the course of the plan, it will be necessary to come back to questions that could not be decided today; making a series of decisions when such decisions become realistic as a result of changes in conditions occurring in the intervening period. Obviously, we have no way of knowing where oil and raw meterial prices will be in 2 or 3 years; neither are we able to measure external sources available to us (to mention only these 2 factors). Thus, it would be a mistake to base detailed plan decisions on mere assumptions. It is much more sensible to stay open and flexible with regard to decision opportunities in planning major directions and as much of the near future as can be measured with the precision necessary for planning.

In this connection, similarly great importance is attached to a system of instruments tuned to the goals of the plan and the inclusion of projected administrative and regulatory weapons in the plan. This is because once we stop planning by means of direct plan instructions and leave open the possibility of modifications even for the duration of medium range plans, it becomes necessary to survey and formulate both the goals of the plan and the methods of regulation and influence to be used for approaching central goals by indirect means.

Innovation forced by an emergency situation? Yes, of course this is what is involved, but so are new, long range values of planning methodology whose importance goes beyond the need to get through a complex period, ones that contribute to the formulation of a planning methodology leading to better, more flexible coordination between central planning and market effects.

Economic Balance and the Time Factor

One of the most difficult economic decisions is to achieve a balance between long range strategic goals and medium term economic decisions. It may well be unnecessary to explain why I consider this so difficult. Still, it is worth noting that it is not even easy to find the correct interpretation of our long range tasks and to know what will or should be good for us over 2 or 3 decades from now. The situation is made more complicated by the existence of frequent conflicts between the immediate tasks of the present and the goals of the future; they may not coincide or may even act in opposite directions.

To determine those major areas where our Sixth Five-Year Plan serves long range goals already recognized and considered correct would deserve a detailed analysis. A number of such areas might be listed.

In my view, one of the fundamental economic dilemmas of the present is the correct formulation of priorities among the often conflicting and contradictory requirements posed by the tasks of restoring equilibrium and improving economic efficiency and competitiveness (including the desired structural transformation and an adequate technological level). If we create conditions that reduce the import of needed machinery and equipment then this will contribute to an improvement in the balance of the national economy in the short run. Over a longer time span, however, this would act against equilibrium by obstructing and slowing the emergence of up-to-date, competitive technology and the needed structural transformation. The same may be said in general about investment activity. Of course, slowing down investment is a factor contributing to improved balance in the short run. On the other hand, structural change creates investment demand.

It is clear that our economic policy cannot simply choose either one or the other, since it is essential to solve both problems. But there are many possible solutions. It is possible to put the emphasis on long range structural transformation and technological development goals; this would slow the restoration of equilibrium. Alternatively, preference may be given to restoring equilibrium, to be followed by an increased emphasis on structural development and investments aimed at technological transformation.

Our present economic views and, accordingly, the Sixth Five-Year Plan seem to be a bit excessive and one-sided in subordinating other economic interests and goals to the restoration of equilibrium. Of course, the central importance of restoring equilibrium is incontestable. Yet, a more optimal possibility of a more complex and harmonic solution would deserve further analysis and calculation. I am not proposing a diametrically opposing alternative. But we have an opportunity to decide whether we time the restoration of equilibrium to occur, say, in the first 1 or 2 years of the medium term plan or during the entire duration of the plan, progressing more gradually. At present, the emphasis is on the first alternative. As a result of stricter investment and import management, this will not only slow the accomplishment of future goals of desirable structural transformation and improved efficiency (including the food industry whose importance has been recognized long ago); in some areas, especially in agriculture, it may also threaten the preservation of existing levels of technology. The flexibility of current planning allows for further corrective decisions. It is perhaps still worthwhile to meditate

upon the harshness of our investment and import management or slightly higher levels of needed agricultural machinery purchases and investment projects aimed at technological and structural modernization; in other words, on better coordination of conflicting short and long range tasks of equilibrium and progress.

The Role of Infrastructure

Another touchy area where long and short range goals are in conflict is the development of the infrastructure. The Sixth Five-Year Plan, as its predecessor, was based on the notion that at present the development of infrastructural sectors must proceed at a slowed pace (with its share equal to the preceding plan period) and large scale development must wait until high priority equilibrium goals are accomplished. (I consider it a great step forward that infrastructural projects are nevertheless among the high priority programs of the plan, e.g., the construction of a substantial number of elementary school classrooms or the most essential development programs of health care.) The objective clash of long and short range goals in this area is a given. But the last time long range infrastructural development tasks and the strategy of boosting this sector were given uninterrupted attention was during the Fourth Five-Year Plan; since then, the storms of the world economy forced us to lower our sights. Yet, I would like to ask one more time: to what extent are we pressured by these circumstances and to what extent are we dealing with fixed aspects of our economic outlook? We are continuing to regard infrastructural sectors as areas that receive more or less depending on the volume of the national product and our ability to solve our production tasks. When the net result of the national economy will grow faster, then more will become available for the infrastructural sectors. But the reverse of this view is now considered a demonstrable fact. The higher the level of infrastructural development we can rely on, the faster the output of the economy will grow and the greater net growth will take place. Our ability to react will become more flexible and our work sophistication and efficiency more advanced as our human and economic activity takes place on the basis of a more highly developed infrastructural sector. Thus, higher development level of the infrastructure is, in the long run, at least as important as an equilibrium factor as it is a natural source of savings aimed at the restoration of equilibrium over the short haul. This real contradiction is not easy to resolve under difficult conditions. Yet, it is necessary to emphasize again and again the urgent need to change our views and practices. Achieving a higher level of education and culture has now become our most urgent and most important "investment". It is the foundation of any further progress but it is still far from the top on our list of priorities.

Social Policy Considerations

I consider it a great innovation of the plan that it incorporates important social policy programs within its structure. We have a great need of those because, after highly successful decades of dynamic economic growth and policy on living standards, we cannot become bogged down at the restoration of equilibrium and stabilization of present living standards as our only goals. Although they are very important in themselves under the circumstances, they are not forward-looking goals from the standpoint of social policy. The opportunity to make decisions is present even in emergency situations. It is possible to achieve significant breakthroughs by redeploying resources toward areas which absorb a relatively low proportion of

investment on the national economic scale. The health care development program of the Sixth Five-Year Plan is aimed in this direction. We can welcome this trend not only becuase it highlights an especially important but long neglected area, but also because it contributes to essential progress in the area of living conditions which affects everyone at a time when the growth of consumption inevitably slows down. Are there any other opportunities available to us? These days, when century-old buildings housing our cultural and educational institutions are beginning to crack, would it not be appropriate to take up some of these national causes, perhaps using auxiliary resources from public initiatives, and thereby move forward in the area of improved living conditions (because this category also includes our intellectual atmosphere).

Change in Perceptions

What has been said above, in conjunction with the innovations of the plan, demonstrates that we have a lot more leeway to make decisions than often supposed. In spite of the strict limitations imposed by the circumstances, we must look for the freedom of manoeuvre enabling us to compensate for our inability to make progress in some areas by achieving successes in other fields. The aim of restoring both the balance of trade and a balanced budget is certainly forced on us, but we also have some free choice in deciding how and by what date it is going to be accomplished. We know that we can distribute only as much as we produce but still, our priorities may vary a great deal. We know that the policy on living standards followed in past decades cannot continue but good decisions may ensure that important and heretofore neglected spheres of our living conditions improve in the future.

The Sixth Five-Year Plan, with its changed perceptions, has searched for and found new solutions; but, as the examples listed above demonstrate, the opportunities open to us cannot be considered exhausted.

The social debate on the plan represented a good beginning toward formulating the best solutions and thinking together about the tasks facing us, in spite of the frequently formalistic aspects of the first round.

9164
CSO: 2500

MIXED REACTIONS TO FINANCIAL REGULATORS FOR AGRICULTURE NOTED

Budapest MAGYAR MEZOGAZDASAG in Hungarian No 47, 1980 p 3

[Article by Dr Istvan Kapronczai and Dr Laszlo Szenay of the Cooperative Research Institute: "Agricultural Price Changes. What Reaction to Expect?"]

[Text] On 21 August the Council of Ministers adopted a resolution on agricultural price measures effective 1 January 1981. Under these, the prices of materials and means of production will go up while the purchase price of agricultural products will also increase. These measures were necessitated by world market price changes. Although the introduction of competitive prices in agriculture cannot be expected to happen in the near future, it is becoming necessary to let the effects of world market price changes ripple through in a flexible manner.

The mechanism whereby an agricultural price policy shows its effects is revealed, in the final analysis, by the way producers behave. If the majority acts in line with the plan targets then things will work out; if uncertainty takes hold then this indicated the weakness of the current price policy and price system. For this reason, day-to-day economic management pays a great deal of attention to price structures and any changes in them. Our investigations show that the aspect of the present regulatory system which is considered most problematic is the regulation of wage levels and personal incomes. Next in line are the contradictions within the price system.

As we move from good farms to weaker ones, the dissatisfaction with the price system appears to grow. This may be the result of the fact that a better income position makes good cooperatives less sensitive to losses of certain sectors (crops), or, possibly, it may be due to better quality of management at more successful farms, able to shape a production structure less sensitive to losses arising from shifting price ratios.

These differences of opinion may also indicate that the efficiency criteria imposed by prices are providing an incentive for specialization. At the same time the question arises whether sufficient attention is given to the costs and incomes of below average farms at the time when price ratios are determined. Calculations show that increases in the price of production factors lead to increasing differentiation among farms.

The Most Sensitive Spots

Among all prices affecting farms, the ones having the most pronounced effect are changes in the price of the means of production, materials and energy. Starting from 1981, the price of the following products will go up: agricultural machinery by an average of 2 percent; spare parts, 7 to 8 percent; fertilizers and pesticides, 6 percent; industrial fodder, 5 to 6 percent; services, 5 percent. Since comparable price rises have occurred during the years of the Fifth Five-Year Plan, a comparison with the experience of those times may lead to interesting conclusions.

Beyond the enforcement of requirements of cost management and efficiency, a rise in the price of the means of production and materials will contribute to a significant increase in production costs. The effect of changes in the price of various groups of implements and materials on the total costs borne by farms varies. Of all production factors, the one whose price will increase most significantly starting from 1981 is spare parts. Many people agree that this will be one of the most painful aspects of the price increases. Past investigations showed that changing prices of spare parts had the most pronounced effect on farms, among all production factors. This can presumably be explained by the inability of farms to significantly reduce their use of spare parts, due in part to replacement regulations.

The rising price of fertilizers and pesticides also contributes significantly to rising costs. Past experience suggests that production costs increases, when considered excessive, will be mitigated by reducing fertilizer and pesticide use. Well-managed farms, on the other hand, did more than just reduce their fertilizer purchases at the time of past price rises: they have also done a great deal toward more efficient utilization. Their chief aim was to reduce losses in storage. Many among them have achieved substantial material savings by introducing container transportation of fertilizers.

Economize, But Be Rational

Unfortunately, a substantial number of farms were not careful enough at the time of past price increases in reducing their purchases of materials and implements. As a result, their hasty "economies" contributed to a difficult financial situation. After a few years, many among them acknowledged their excessive timidity in reducing their purchases which have led to reduced output and, in essence, reduced efficiency of production. This is why we consider it necessary to call on the leadership of farms to counter, or even exploit, the effects of new 1981 prices by carefully prepared decisions based on appropriate economic calculations. At the same time, the economic leadership would do well to preserve the flexibility of the price system and accomplish production policy goals by "continuous price maintenance". This may serve to avoid the "stress effect" of large scale price measures announced at once, with all of its damaging consequences. Even the fact that farms were informed of price changes early enough should be considered a step forward, compared to 1980.

An important precondition for truly economic material and energy management would be for each farm to formulate a plan and a system of incentives to encourage more economic and rational utilization of materials and costs. It is also necessary to operate these in an adequate manner because at present we may be faced with difficulties in recognizing true interests and changing past attitudes.

In agriculture, the 2 most fundamental funtions of price, i.e., income distribution and shaping production structure, are carried out most directly by producer prices.

True Costs Only

More flexible changes in producer prices, in line with economically justified cost increases, are absolutely indispensable for more effective functioning of income regulation. In part for this reason, the purchase price level of agricultural products will also go up on 1 January 1981, to compensate for 80 percent of the cost increases arising from the price changes. The remaining 20 percent must absorbed by the farms themselves.

The purchase price level of agricultural products will go up by an average of 5 percent. In particular, the price of feed grains will go up by 25 forints per 100 kilograms; wheat for human consumption, 20 forints; corn, 18 forints; sugar beet, 5 forints; tobacco, 200 forints per 100 kilograms. There will be a similar increase in the purchase price of animals sold for slaughtering. The price of beef cattle will go up by 1.60 forints per kilogram; hogs, by 2 forints per kilogram and chickens by 2.50 forints per kilogram.

Economic managers would do well to take a good look at these price changes in view of the opinions prevailing at the time of last year's price changes. Then, we were asking which branches should strengthen their income position as soon as possible. The sectors listed also reflect the order of priorities set by those answering this question: corn, cattle breeding, hog farming, poultry farming, wheat production, sheep farming. Nevertheless, rising purchase prices do not necessarily mean a corresponding improvement of income positions because changes on the cost side must also be taken into consideration. On this point, two conclusions seem relevant:

- Wheat production will continue as one of the most favorable branches of agriculture in terms of its income position. Farms would do well to utilize the income-generating opportunities offered by wheat production.

- The price measures effective on 1 January 1981 still do not fully recognize the increased costs of animal husbandry. This, however, seems to be reasonable since the present low efficiency of feed utilization and the high amortization costs associated with feedlots "built on the basis of excessive requirements" should not be recognized in the purchase price.

The price measures to be introduced in 1981 will contribute to the fulfilment of economic policy goals only if economic leaders act on the basis of an adequate analysis and understanding of the situation and, of course, if economic authorities react adequately, rapidly and flexibly to utilize the opportunities provided by needed changes in the current price system.

9164
CSO: 2500

HUNGARY

MISUNDERSTANDING IN INTERPRETING STATISTICAL DATA NOTED

Budapest FIGYELO in Hungarian No 47, 19 Nov 80 p 9

[Article by Andras Sved: "Misunderstanding Is Contagious. Concepts and Quotations..."]

[Text] Today, the concepts of foreign trade are being used not only by specialized journals, lectures and professionals but also by the daily press, radio and television. It is important to use these concepts precisely and unequivocally, to avoid misunderstandings arising from imprecise formulation. In this article we will make an attempt to clear up some frequently used terms.

We frequently read that "50 percent of the national income of Hungary is realized through foreign trade". This formulation is misleading in a number of ways. It is true that to measure the intensity of foreign trade (or, to use other accepted terms, a nation's openness to foreign trade or the extent to which an economy is open), socialist countries compare the value of exports with the value of national income. Non-socialist countries have adopted a similar procedure, with the exception that their statistics rely not on a net indicator of national income (v+m... the totality of all values produced in a year) but on a hybrid indicator, the GDP or Gross Domestic Product, which also includes a depreciation (v+m+depreciation). The GDP is often referred to as added value.

Thus, it is incorrect to say that "approximately 50 percent of the national income is realized through foreign trade" because this suggests that about 50 percent of all output value goes into foreign trade (or, at least, exports). Of course, this is far from the truth, in part because national income does not include materials while exports and, more generally, foreign trade, are calculated with materials included. The term "realized" may also lead to confusion. Foreign trade may increase (or decrease) the national income depending on the extent of its participation in saving social labor by exporting goods produced at relatively low cost and importing goods that would otherwise have to be produced domestically at high cost.

We frequently hear or read that industry and agriculture must work to produce "goods that can be sold in all markets". Once again, we are faced with a confusing way of putting things.

Why should it not suffice for us to be able to sell our products economically only in a few markets? Obviously, what is involved here is something else, i.e., that our products should become more and more competitive in the world market.

In my opinion, our true goal is to ensure that our products can be sold not only in the markets of socialist and developing countries, but that they can be sold economically also in advanced non-socialist countries. The expression "saleable" is also confusing because (almost) all goods can be sold in (almost) every market, but for how much? Therefore, the emphasis must always be on the requirement of economy and 'ficiency.

Few quotati[illegible] om Lenin are being repeated more frequently (but, unfortunately, in a misunder[illegible] nd misleading way) than the following: "In the final analysis, work productivit[illegible] the most important, most central thing from the standpoint of the victory of the new social order." Those who repeat this quote are almost always referring to, and promoting, savings of human labor. Yet, productivity may be considered in two different senses: on the scale of the enterprise or of society as a whole. From the standpoint of society, work productivity involves not only human labor but the total quantity of labor incorporated into a product, including objectified i.e., stored labor. In the "Great Initiative" (June 1919), Lenin clearly meant the social productivity of labor. The evidence may be found a few lines below where he writes: "...the worker...begins to think about improving work productivity and conserving every pud of grain, coal, iron and other products." Today we would talk of prudent and rat[illegible]al management of materials, energy and factory equipment. This has an importance beyond mere abstract, theoretical political economy.

With some variations, Hungarian industry generated 100 forints of output value using an average 60 to 65 forints in material and energy costs and only 10 to 15 forints in wage costs (of course, this is measured on the enterprise scale). If an enterprise is wasteful in its use of values generated at an earlier stage of a vertical production structure (appearing at this stage in the form of materials, energy or factory equipment) then it makes little difference if their productivity indicators are otherwise wonderful and show constant improvement. If an enterprise is conserving stored labor and is able to save, let us say, 1 percent of it then they have made a contribution to improving the social productivity of labor 6 to 7 times greater than they would have by saving 1 percent of human labor. (Of course, the task is not either/or but both/and.)

This applies to production and management at home; why are we discussing it in an article whose goal is to clear up some concepts related to foreign trade? One reason is that improving the social productivity of labor shows up instantly in foreign trade by improving the marketability and competitiveness of our products, reducing imports as a result of energy and material savings and improving our balance of trade and balance of payments.

Productivity provides an opportunity to bring up another important subject. It is often said that, aside from production intended for export markets, our domestic activities must also be measured objectively in terms of world standards. This is usually justified as follows: "It is impossible to work well and work badly at the same time, ... low standards are contagious", moreover: "it is impossible to ship competitive products to the world market using low quality components, etc. intended for the domestic marketplace." This is quite correct but, in my opinion, not enough. For the reader or listener, these arguments may seem to imply that the only purpose of efficient production is to ensure the competitiveness of our products in foreign markets.

The result of our progress, our national income, exists, in the final analysis, for the sake of domestic consumption and utilization; the extent to which it can do so depends not just on the efficiency of exports but on the efficiency of social production as a whole. (Exports represent merely one quarter of the gross national production.) Thus, it depends on the productivity, economy and quality of all production and services.

9164
CSO: 2500

FOOD, AGRICULTURAL PRODUCTION SHORTAGES ASSESSED

Warsaw ZIELONY SZTANDAR in Polish 20 Nov 80 pp 1,2

[Article by Tadeusz Marczak: "The Economy, the Market, and Labor: A Difficult Today and Concern for Tomorrow"]

[Excerpt] Poland's economic situation is difficult, if not dramatic. We must admit to ourselves outright--the economic situation here is characterized by a profound imbalance. The growth of the population's income is not being accompanied by an equivalent growth in the volume of goods imported for the market.

As a result of understandings coming out of Gdansk, Szczecin, Jastrzebie and many other cities, the income of 12 million workers in the socialized economy has increased by more than 100 billion zlotys. The government has proposed wage increases extending to June 1981. Pressures from individual professional groups caused the flow of cash to be realized for all workers beginning as early as October 1980. Unfortunately, deliveries of goods, especially foodstuffs, to the market are not increasing at the same rate.

It is estimated that the market gap, or the shortage of goods in relation to the demand for them, will reach 40-50 billion zlotys' worth. And that is the most sensitive problem in the Polish economy.

There are many reasons for this state of affairs, and not only those arising from the current situation in Poland, from the drop in production resulting from strikes, etc. As early as 1978 a goods volume amounting to 98 zlotys was furnished for every 100 zlotys of income of the population, and in 1979 the figure was 96 zlotys' worth, which was to drop to a level not exceeding 90 zlotys' worth for every 100 zlotys of income in the first half of 1980. There were not any strikes yet then. Work stoppages in the third quarter of 1980 undoubtedly led to a further deepening of the market gap.

Not all work stoppages, and not all work stoppages in every plant, were caused by social tensions. Many of them simply were stoppages caused by a lack of raw materials and other materials needed for production. In the past three quarters of 1980, achieved tasks in the field of transport have been 5-6 percent lower than during the same period in 1979. Many cooperation links have been broken. But at the same time, industry, which achieved total tasks more than 3 percent greater during these three quarters than during the same period last year, produced goods

valued at 25-30 million zlotys which will not find an outlet either in Poland or abroad in the near future. This is because they are capital goods, and they will not be included in the economy because the investment program has been scrapped.

It is worth recalling here that in past years the share of investments in the national income has reached more than 35 percent. In 1980 it has been implemented at a level of about 17 percent, and for next year it is planned to be implemented at a level not greater than 13-14 percent (approximately 530 billion zlotys).

The drop in coal output in 1980 valued at 8 to 15 million tons is aggravating this difficult situation considerably. Everyone knows what such a drop means. With the drastic shortages of coal on the market (especially for the countryside), with the incomplete protection of coal reserves for energy, for thermal energy, and finally for industry, this drop in coal output compels us to limit drastically export and the inflow of foreign exchange currency, which we need very much, of course. A similar situation is occurring in the production of copper (a production shortage of about 20,000 tons), cement (about 1 million tons), and other goods which Poland exports.

But the most dramatic situation is occurring in deliveries of foodstuffs to the market. We are not achieving our planned purchase of cattle. There will be about 250,000 tons less beef this year than last year.

Contracts for deliveries of pigs in October 1980 were 5.5 percent lower, and contracts for deliveries of cattle, 6 percent lower than they were during the same period in 1979, but in November 1980 contracts for deliveries have been more than 18 percent lower for pigs and as much as 22 percent lower for cattle. Deliveries of domestic grain and grain from import, and its processing into flour and cereal have been implemented "simultaneously," and every delay in the work of state mills causes repercussions on the market. It is not surprising that serious scarcity and shortages of food are occurring under these circumstances.

Efforts undertaken by the Polish Government to purchase food from abroad do not compensate fully for food shortages and cannot bridge the market gap. On the whole, according to the information given to the press by Deputy Premier Henryk Kisiel, the combined value of imported foodstuffs in the fourth quarter of 1980 amounts to approximately 14 billion zlotys (according to market prices), about 7.5 billion zlotys of which comes from the socialist countries.

Today we want to import almost everything--meat, animal fats, fish, butter, and even flour, because work stoppages at the mills and the Saturdays off for workers in these institutions are making it impossible to keep the stores supplied any better.

The year 1980 has been a particularly difficult one in agriculture. Despite a certain rise in grain yields (24.7 quintals per hectare), we will fall 8-9 million tons short of meeting the demand for fodder. We want to import so much. The situation with potatoes is dramatic. We have harvested 20-25 million fewer tons of potatoes this year, only 26 million tons (last year we harvested approximately 50 million tons). With the approximately 0.5-1 percent lower sugar content of beets, we will harvest about 4 million tons less of this crop.

We will be about 500,000 tons short of meeting the demand for sugar fully. Even today the fodder shortage is being felt in milk deliveries and in pig and cattle raising. The last checklist of farm animals showed a 4 percent decrease in head of cattle (including a 2.3 percent drop in the number of cows) and almost a 3 percent drop in the number of pigs.

What will tomorrow be like?

It is difficult to answer this question. With such a difficult internal economic situation in Poland, our export is being limited. Import needs and the state's indebtedness to foreign countries are increasing sharply--instead of decreasing they are expanding. For the end of 1980 an increase in Poland's indebtedness is envisaged from $21 billion at the end of 1979 to a level of at least $23 billion.

With this appraisal of the situation, cited in such an exemplary and fragmentary manner, the beginning of a process of renewal is being accomplished in Poland. The first decisions are being made in matters which are especially vital for the state and for society. Worker and peasant self-government are being reinstated. Attempts are being made to restore old social structures and to create new ones. Social and interpersonal links previously snatched away are being revived again. The process of eliminating the hiatus between words and deeds, the process of rebuilding confidence and trustworthiness, is continuing.

The eighth congress of our party and the debate intensifying in the countryside over the documents prepared by the 22nd and 24th sessions of the Supreme Committee also are becoming phases on this path. May they only contribute to a better shaping of prospects in Poland as a whole and in rural Poland for today and tomorrow.

But work, above all else, will determine a better tomorrow--the work done by all Poles--well organized and productive work--for Poland and for ourselves.

8729
CSO: 2600

PRICES OF AGRICULTURAL MACHINERY ESCALATING

Warsaw ZIELONY SZTANDAR in Polish 13 Nov 80 pp 3, 4

[Article by Tomasz Kita: "Price Scissors"]

[Text] Myths and Facts

After a quarantine of nearly 8 months--through no fault of the Editors--the article by Leon Rzendowski, "The Weak Link," appeared in the 25 October issue of the weekly POLITYKA. That article provides, as it were, an x-ray picture of our agriculture, because it reveals facts previously glossed over and regarded as taboo. This concerns the effectiveness of management in the socialized sector, subsidies, etc.

The author provides a great deal of reliable information, but still he approaches certain matters in an excessively general and terse manner. With regard to, e.g. various forms of subsidies to the foodstuffs sector, he writes: "The so-called price scissors were closed in favor of agriculture (not counting a couple of discrete years of interim reversals) throughout the entire period of our postwar history, but this process has been particularly intense since 1970."

Referring to the Food and Agricultural Organization Yearbook, he claims that "in 1977 the prices paid to farm producers increased by 83 percent compared with 1970, while the prices they paid for industrial goods increased by 37 percent. As a result, the index of the proportions between the prices of agricultural and industrial goods (100 in 1970) amounted to 133.6 in 1977 (in 1978 and 1979 the prices of agricultural products increased even more rapidly)."

The author continues: "In many countries that are richer than ours this index is much lower--below 100. The case of Poland is unprecedented not only in Europe, but throughout the world. And yet, we have food shortages...."

I am afraid that many POLITYKA readers misunderstood the point of this argument, because it is only after 12 additional lines of print that L. Rzendowski explains that: "For every zloty of net output the socialized (farming--T.K.) sector requires 7.32 zlotys in material outlays (inclusive of depreciation), of which 4.12 zlotys go for outlays on purchases. In private farming, on the other hand, the analogous outlays per zloty of net output amount to 1.80 zlotys, of which 53 groszy go for purchases.

Socialized farming means PGR, RSP and SKR [State Farms, Agricultural Producer Cooperatives, Cooperative Agricultural Circles]. In another part of his article Rzendowski reveals that in 1976 net output--this being the only kind of output contributing to real national income--was for socialized farming--in terms of output per hectare of arable land--nearly one-third of the net output of private farming. Similarly, labor productivity measured in terms of that output was lower in socialized farming, even though PGR employ few people.

It is not easy to correlate such bits of information deriving from various drawers. We are rather inclined to adopt simplified and emotionally tinged judgments. After all, a year ago a poll conducted by POLITYKA showed that average income of farmers is estimated to be quite high--two and one-half times as many people consider it to be higher than the income of city dwellers. One-half of the 866 respondents believed that most farmers in this country live well or very well.

Such were the opinions of the city dwellers, despite the fact that the average income of private farmers in 1971 was 84 percent of the income of socialized-farming employees, and in 1977, 78.4 percent. And despite the fact, as well, that the lowest income (up to 15,000 zlotys per capita annually) was recorded 4 years ago for 25 percent of farm families and only 7 percent of worker families, and despite the fact, too, that these proportions had rather worsened during the subsequent years of poor harvests.

It may be that the ratio between the prices of farm produce and industrial goods in 1977 was indeed as specified by the author. I doubt, though, whether that 33-point surplus has persisted in subsequent years. But this is not important. What matters to me is that all these comparisons pertain to agriculture as a whole, whereas in Poland the economic regulations governing the socialized and the nonsocialized sectors differ completely. And the effect of the "price scissors" is different as well for each sector. The closing of these scissors has been favorable for the PGR, RSP and SKR, but not for private farms.

Consider that on 14 July 1976 the procurement prices for agricultural produce were increased but at the same time the increases in the prices of means of production for agriculture as well as of building materials were much higher. The PAP communique declared that the increases in the prices of agricultural equipment and trailers averaged 30 percent, and in the prices of tractor spare parts, 40 percent. Was this indeed so?

The prices of horse-drawn tooth harrows were increased 87-88 percent. The price of the BZZ-5 tractor-drawn harrows increased 88 percent, and the price of the (triple-field) BZZ-3, 192 percent. As late as the beginning of 1975 a double-furrow tractor-drawn plow had cost 3,370 zlotys, and a triple-furrow one, 4,560 zlotys. Several months later the factory raised the prices under the pretext of modernization, and then it raised them again in July 1976. As a result, within a short period of time the Orzel plows increased 131 percent in price and the Sep plows, 163 percent.

The Unia Factory in Grudziadz did not consider this enough, so it decided to consider the bearing wheel, representing an integral part of the plow, as an ancillary part and priced it at 1,000 zlotys! At first it tried to persuade the farmers

and authorities that that wheel was something absolutely dispensable. It was only after interventions by deputies and discussion in the Sejm that this factory resumed deliveries of the wheel, without, however, revoking the 1,000-zloty price.

At that time the prices of many other farm implements had risen. Horse-drawn cultivators increased by 62 percent in price; tractor-drawn suspended hoes, by 72 percent. A U 607/0 type horse-drawn spike roller cost 850 zlotys until 14 July, and a U608/0 roller, 1,100 zlotys, but on that day their prices rose to 2,500 and 3,800 zlotys, respectively, i.e., 194 and 245 percent, respectively. Horse-drawn grain rollers increased in price by an average of 53 percent.

Overall, the greatest price increases were recorded for horse-drawn equipment, which is used only on private farms. The prices of certain tractor-drawn machinery had also increased.

A self-propelled field chaff cutter increased only 17 percent in price in 1976, whereas the price of the K-1.4 horse-drawn mower increased 50 percent; of the Osa 2 tractor-drawn mower, 56 percent; of the horse-drawn spreader rake, 55 percent; and of the hay-drying fan, 51 percent. The price of the Bizon-Super combine increased 7.8 percent, whereas the price of the WC-5 tractor-drawn binder increased 44 percent.

The prices of beet and potato harvesters did not increase, but the prices of horse-drawn potato diggers increased 78 percent. The price of baling presses was not increased, but the price of the SEC-8A hay stacker was increased 80 percent.

The prices of the most elementary equipment were drastically increased. Manual (nonmodernized) grain winnowers increased 106 percent in price; SPR-24M drum-type chaff cutters, 101 percent; OSB-2 shaker-cutters for root crops, 110 percent; and Primus portable sprayers, 196 percent. The prices of fluid containers were raised 78-95 percent.

The price increases also were extended to relatively unmarketable goods. The price of the GMZ-2 mechanized potato crusher was raised in 1976 to 8,500 from 7,000 zlotys, but in February 1980 it was reduced to 6,000 zlotys. The prices of 250-liter solid-fuel steamers were similarly raised and then reduced.

The introduction of higher prices for farm equipment in 1976 was attributed to the rise in the material cost of production, etc. Why then, on the same day of 14 July were the prices of the SB-1.5 green-fodder drum dryer reduced--from 3 million zlotys to 1,648,000 zlotys for the solid-fuel dryers and from 2,150,000 zlotys to 1,720,000 zlotys for liquid-fuel dryers? Why were the prices of this extremely expensive equipment, acquired exclusively by socialized farms, reduced 17.5 and 21 percent, respectively?

Discussion of price increase averages in the case of spare parts is misleading and obscures the real picture. It is known that, e.g. a tractor clutch disc wears out much more rapidly than does an axle shaft or a spring suspension. Why is it then that in recent years the price of the clutch disc climbed from 180 to 350 zlotys; the price of a spreader-rake tine is now 30 instead of 13 zlotys, and the price of a tine for the U-418/1 tractor-drawn cultivator increased to 200 from 76 zlotys while the price of a tine for a horse-drawn cultivator increased to 156 from 57 zlotys?

Not so long ago a blade for an ordinary horse-drawn plow cost 66 zlotys. Now this blade is thinner and costs 166 zlotys. The price of blades for tractor-drawn plows has increased to 226 from 120 zlotys and, in the opinion of farmers, they are of lower quality, wearing out within a single season.

Certainly, price policies should prompt care and thrift in the maintenance of equipment, but this should be done in moderation. Spare parts must cost more than their counterparts in a new machine. But certain proportions must be maintained. Why is it that breakers for directional indicators, which had formerly cost 60 zlotys are priced at 238 zlotys and sold only from time to time and that only by the Polmozbyt Automotive Parts Marketing Board? After all, peasants drive tractors, not Polonezes [passenger cars].

In itself, raising prices will not solve the shortage of agricultural machinery. The factory cost accounting system must be revised. Had a sufficient number of spare steamer vats been produced, the sales of new steamers would decrease at least in half. At one time the vats used to be shipped by the post office, but this practice was soon given up. At the Farm Equipment Depot in Lomza so many farmers have signed up for these vats that the orders cover all the deliveries for the next 3 years.

Patching the holes by means of imports is hard on the farmers' budgets. A voltage regulator for the Ursus tractor costs 280 zlotys; a generator, 1,200 zlotys; a muffler, 150 zlotys; a V-belt for the generator, 26-59 zlotys. Analogous spare parts for the T-25A tractor cost 1,300, 3,200, 630, and 90 zlotys, respectively--this although the price of the T-25A tractor is 27,000-34,000 zlotys lower than that of the Ursus C-330 tractor. It is simply amazing that farmers are offered Czechoslovak-made cabs for T-25A tractors at 24,000 zlotys in view of the fact that a complete tractor set including an originally designed and much better cab costs 120,000 zlotys, or 110,000 zlotys without the cab.

We needlessly import a great deal of machinery instead of attending to more rapid development of its domestic production. Why should the well-made Polish-produced manure spreaders be exported while at the same time we import the bulkier PTU-4's and raise their price to 71,700 from 57,000 zlotys? In general, these PTU-4 spreaders are unsuitable for private farmers and each depot contains several score of these spreaders.

Special mention must be made of the trickiness of price changes. The maker of U-418/1 tractor-drawn cultivators not only raised their price to 10,400 from 5,650 zlotys, but also at the same time withdrew tines from the set of spare parts and replaced rubber wheels with less suitable iron wheels. The makers of lighting fixtures for vehicles change lamp sizes so often that users have to purchase complete lighting-fixture assemblies.

I have focused on just one group of means of production for agriculture. But just as many similar examples can be given for other groups. Consider, e.g. the introduction in 1979 of new mineral mixtures for livestock priced at 9,000-18,000 zlotys per ton as a "complement" to the old MM mixture costing 4,600-6,000 zlotys per ton.

The point is not that the prices should be fixed, but that they should exist in a reasonable proportion to the procurement prices for agricultural produce. The State Price Commission should make judicious decisions and correct exorbitant price increases by industry. The decline in the profitability of farm production and, as a consequence, its standstill, owing to price increases by vested interests must not be permitted.

1386
CSO: 2600

GRAIN PRODUCTION UNDER INTENSIVE CONDITIONS

Bucharest ERA SOCIALISTA in Romanian No 23, 5 Dec 80 pp 8-11, 52

[Article by Dr Cristian Hera, scientific director of the Fundulea Research Institute for Grains and Technical Crops]

[Text] A true constant of our party's agrarian policy--the organization of a modern, intensive agricultural production of high productivity, which would use the achievements of science and technology on a broad scale--is capable of raising agriculture's contribution to our country's general progress and of raising social labor efficiency in this basic branch of the national economy to a high level.

The volume of investments headed for development and modernization of the material-technical base, continually greater from one period to another, has allowed our socialist agriculture to assert its ability to contribute fully to raising the national income and to supplying the population with food products and industry with raw materials. As is emphasized in Comrade Nicolae Ceausescu's message to the workers in agriculture on Harvest Day, although the plan was not fulfilled, an increase of about 5 million tons of grains, more than 1 million tons of vegetables and 356,000 tons of fruit was assured in average annual production during this five-year plan. The number of animals also rose as did animal production. However, the results would have been even better had not unfavorable climatic conditions existed and, in particular, had there not been manifestations of tendencies toward bureaucratism and waste, lack of discipline and lack of responsibility in carrying out agricultural projects and respect for the technologies, which hindered maximum utilization of the output of agricultural potential, creating difficulties in satisfying the demands imposed by the dynamic rate at which the country's overall economic growth is occurring.

In light of the interests of the national economy and continuing rise in the workers' standard of living, as was stressed at the 12th party congress, it is necessary to make a decisive move to a thorough revolution in agricultural production. Defining this course for our agriculture, Comrade Nicolae Ceausescu, in the speech given at the meeting with leadership cadres in industry, construction, transportation and agriculture in March 1979, stressed: "We cannot say that we have reached the level at which we can be satisfied with an increase of several percent. We have the opportunity to double agricultural production. Only after we double the production, which means a new revolution in agriculture with all that this involves organizationally and technically, as well as in the people's thinking, will we reach the level from which we can go forward at the rate required by socialist civilization. Precisely for this reason, the stress is being placed on the modernization of techniques and technologies, on rational use of the land, on carrying out quality agricultural projects within the best time periods, on strengthening order and discipline, with all

these bringing an increase in agricultural production under conditions of high efficiency. What has priority is the rapid increase in vegetable production, particularly grain production, which is the central problem of Romania's agriculture, with this also having been stressed by Comrade Nicolae Ceausescu at the recent RCP Central Committee plenum.

In Romania, wheat and barley are crops with a long tradition, linked with which are the development of Romanian agriculture, satisfying of the need to feed the population and creation of big opportunities for export during certain periods. The United Nations Food and Agricultural Organization yearbook for 1978 mentions 63 countries which grow wheat, with Romania being among the first 12 in area cultivated. Romania is among the first 20 countries in the world for barley.

Our socialist state has made great efforts, with good results, in increasing the material-technical base, but the production achieved until now cannot satisfy all the demands. In 1978, average production for the 26,040,000 hectares cultivated in grain for all of Europe was 3,536 kg per hectare and for barley, on the 19,952,000 hectares it was 3,530 kg per hectare, while the average production achieved in Romania in that same year was much below the average production achieved for all of Europe. Is this not a stimulus, a professional impulse for all of us concerned with the fate of these crops, to intensify our efforts with a view to achieving a production at the level of the possibilities we have, at the level of the justified demands before the ecological and human potential we have available?

It is true that in recent years progress worthy to be taken into consideration has been made. On the 2,562,800 hectares cultivated with wheat in Romania in 1934-1938, only an average of 1,030 kg per hectares were obtained; in 1965, average production harvested from an area of 2,983,300 hectares reached 1,990 kg per hectare. Between 1970 and 1980, the areas varied between 2.3 and 2.4 million hectares, while average production for the country was 2,788 kg per hectare in 1976, 2,820 kg per hectare in 1977 and 2,710 kg per hectare in 1978 so that it would later fall to 2,203 kg per hectare in 1979, due to negative climatic conditions. For barley, whereas the average production in 1938 for the 692,400 hectares cultivated was only 720 kg per hectare, this rose in 1976 to 3,005 kg per hectare on the average for the 409,500 hectares, while in 1977 an average of 3,123 kg per hectare was obtained from the 595,000 hectares cultivated. In 1979 and 1980, average production achieved from the areas cultivated, more than 800,000 hectares, was 2,643 and 2,638 kg per hectare, respectively.

These increases in average production in recent years, however, are not up to the technical progress made in our agriculture. It is true that in many state and cooperative agricultural units, average production year after year is more than 4,500 kg per hectare for wheat and more than 5,000 kg per hectare for barley. In the 1976-1980 5-year plan more than 620 state and cooperative agricultural units achieved average grain production for entire area cultivated of more than 4,500 kg per hectare. It is known that not only isolated units have big production. Teleorman County in 1978 achieved an average barley production of 4,523 kg per hectare and 4,300 kg per hectare in 1979. In the same county the average for the entire state agricultural enterprise trust was 5,018 kg per hectare in 1978 and the average for all agricultural cooperatives was 4,116 kg per hectare in 1978 and 4,078 kg per hectare in 1979. Ilfov County in 4 of the 5 years of the last five-year plan achieved an average barley production of more than 3,500 kg per hectare and a production of more than 3,000 kg per hectare for wheat for the same period. Buzau County for 1980 is recording an average

wheat production of 3,363 kg per hectare and 3,764 kg per hectare for barley. These are clear examples which demonstrate the possibility for obtaining a big and constant production in all the united agroindustrial councils, state and cooperative, which cultivate wheat and barley.

Truly practicing a rational, modern and efficient agriculture means reconsidering the entire concept of agricultural land, viewing it as it is, that is, the single support and reservoir of vital elements for crops and a reelevated energy resource and, as a result, assuring the efficient utilization of it through rationally combining technical, agrotechnical, organizational and economic factors. On the basis of this major demand, each agricultural unit can formulate its own concept which would have at its base the results of scientific research and the experience it has accumulated, organizing its crop structure , as received through the state plan, in soils where there would be strict respect for crop rotation and there would be differentiation of the soil-working systems, fertilization and applying herbicides. Specialists from the agricultural units are the ones most capable of organizing wheat and barley production thoroughly, with this being a primary condition upon which obtaining a rich harvest depends. The machine operators and all workers in each agricultural unit, more than until now, have the duty to take action on the strength of the valuable concept according to which there are no main factors and no secondary factors in the technology of the wheat and barley crops as in that of the other crops,too. Neglecting just one of the technological factors inevitably leads to a red ction in production per unit of area. This emphasis is being imposed all the more since each year some deviations from the technique occur over widespread areas, the most frequent being poor preparation of the germinative bed, irrational fertilization or lack of respect for the optimum density. All these result in large losses of the harvest, which affects the interests of the national economy and, as a result, the population's standard of living.

The organization of vegetable production in crop rotation systems, assuring the introduction of ameliorative crops in the crop rotation and combined utilization of natural and chemical fertilizers has a special effect on maintaining and raising soil fertility and on raising production per hectare. As in the case of the wheat and barley crops, too, their placement in the crop rotation system is an organizational measure of exceptional technological importance, being fully justified from the economic viewpoint, too, since supplementary investments are not required.

The existence of the united agroindustrial councils creates excellent conditions for rational placement of wheat and barley in the crop rotation system, thus eliminating those defects which frequently were shown throughout the years in this direction and with negative consequences for production. What is important is that, at the level of each united agroindustrial council , the specialists, basing themselves on a thorough pedoclimatic documentation, find the best solutions so that the crop rotation systems include very good preceding crops for wheat and barley, such as the leguminous crops for seed, hemp, potatoes, lucerne, clover, beets harvested early or even sunflowers, fodder beet and corn.

The fact that we still are not obtaining appropriate grain production, to which we add some deficiencies in the zoning of crops, demands that a crop structure be maintained which requires us to sow a large area of wheat and barley after the corn. Specialists in many agricultural units, relying on the recommendations of science as well as practical experience, have succeeded in counteracting this difficulty

Thus, the entire area cultivated with corn, after which comes wheat or barley, must be sown with hybrids of extraearly or early corn, depending on the zone. In this way the particular area can be freed from stalks in time and through a good organization of work and efficient use of technical resources they can fit into the optimum sowing period and jobs of appropriate quality can be carried out. As we see, this can be done, and even with very good results,since, having an organized crop rotation system and having the crop placement established in time, an increase in harvest of 400-800 kg per hectare is obtained without any kind of supplementary expense. These rather numerous examples in our agricultural practice show that, along with the placement of wheat and barley after very good preceding crops, the transformation of corn and other crops into good preceding crops is an effective and sure measure for increasing the production per unit of area and a constant in obtaining big harvests.

Unfortunately, attention is not being given in many agricultural units to creating favorable conditions to cultivate wheat and barley after corn, with a faulty system for working the soil meaning that, year after year, areas reaching hundreds of thousands of hectares are not freed from stalks on time, which leads to a delay in the ploughing and sowing and, implicitly, to a reduction in production. In addition, but not secondary, the ploughing done outside the optimum period produces a gradual breakdown in the structure of the soil, with all the negative consequences resulting for production. That is how the national economy year after year is deprived of large quantities of wheat and corn, although labor and material resources were expended.

An agricultural production of high productivity and profitability which the national economy needs and for which the necessary conditions have been created requires that the specialists carry out efficient work , introduce the research of advanced science and practice, be permanently present on the job, intervene whenever necessary to carry out the agricultural projects under good conditions and to respect the technologies established throughout the job cycle.

Proceeding from the great truth that the preservation and rise in quantity of humus in the soil are of vital importance in obtaining big and efficient agricultural production, I feel it is necessary to increase the share of leguminous crops in the crop rotation system, at least for the following three considerations: The leguminous crops are excellent precursors for the grain plants, as well as other agricultural crops; 2) It leaves a large quantity of nitrogen in the soil, which leads to a reduction in the doses of chemical fertilizer in the crops which follow. This consideration is of particular economic importance, since the fertilizers with nitrogen consuming the greatest quantities of energy in the manufacturing process (17,600 ofkilocalories for 1 kg nitrogen). Through the symbiosis process, the leguminous crops fix the atmospheric nitrogen without expending any kind of industrial energy, thus reducing the doses of chemical fertilizers with nitrogen appropriately; 3) It is an important protein source, leading to a substantial improvement in the fodder base both quantitatively as well as qualitatively.

The improvement in broken-down soil has been a priority problem included in the party documents for a long time and in practice is being solved rather slowly. On thepodzolic and podzolite acid soils, the introduction of clover and the increase in share of it in the crop structure and the sure and efficient way for raising wheat and barley production as a result of the substantial improvement in the lacking physical-chemical properties of these soils. A concrete example in this regard is the Albota

Experimental Agricultural Station, which in 1980 obtained an average production for the entire area cultivated with wheat of more than 4,500 kg per hectare , as well as the agricultural units in the zone which is applying this system, such as the Petresti Agricultural Production Cooperative in Dimbovita County, with 4,500 kg per hectare or the Scornicesti Agricultural Production Cooperative in Olt County, which harvested around 6,000 kg per hectare. These harvests can be obtained over the entire area of acid soils, podzolic and podzolite, in the country on condition that the crop technologies worked out by the research units be applied and checked in production.

Due to the existing structure of the crops, the rotation of wheat-corn is practiced frequently. This rotation is not capable of leading to soil improvement, since there is total elimination of the stalks and straw remaining after harvesting. The single portion remaining in the ground is the mass of roots, which is totally insufficient in compensating for the nutritional substances extracted together with the harvest, with the soil not receiving back the quantity of organic matter so that through decomposition it leads to recovery of the humus. For that reason, in order not to arrive at an agriculture which is unproductive from the viewpoint of organic matter and humus, exhausting the soil, I feel it is extremely useful that once every 3-4 years vegetable remains be introduced into the soil, remains from harvesting of the main product; this would lead to preserving or raising soil fertility, an extremely important factor in the production of the coming decades or centuries.

In order to use arable land and agricultural techniques efficiently and in order to obtain high economic efficiency, it no longer is possible to produce according to old traditional methods, by chance, anywhere and anyhow, but rather on the basis of modern techniques for working the soil and efficient systems for working agricultural land. As a result, alongside the material and financial aid from the state, there is a need for a joint, total and regular effort of the machine operators, cooperative members, engineers and scientists, since a radical improvement in technologies and simplification of them are a capital problem for our agriculture. As is demonstrated by progressive agricultural practice and experimental research, it is necessary in all the agricultural units , depending on the structure of the crops and their rotation within the crop rotation system, that differentiation of the system for working the soil also be made.

Taking into account the main species of crops cultivated in most of the country's agricultural units and taking into account the need for rationalizing fuel consumption without making any kind of reduction in the quality of the work, taking into account the need to diversify the depth of working the soil, in the table we give a proposal for organizing the crop rotation system with the ordinary variant and the new variant for working the soil for a unit of 6,000 hectares of arable land. [See table on next page.]

As may be seen, the experimental results obtained on the average over many years prove that depressions of harvest are not achieved through the new version of working the soil but, on the contrary, a rising trend for production, together with improvement in the soil's physical properties and, what is extremely important, a reduction in fuel consumption by 8.1 liters of diesel fuel per hectare are achieved.

To a large extent it depends on each agronomist and his high sense of responsibility, taking into account the specific situations existing in the production units, to establish the proper technological measure for ending the sowing of fall grains

during the optimum period and to chose the best solutions for rationalization of fuel consumption and to carry out the jobs in the optimum sowing period.

Working the Soil With Economic Fuel Consumption

Crop Rotation	Area (hectares)	Ordinary Variant Basic job	Dieselfuel consumption (liters)	Variant Basic job	proposed Diesel fuel consumption (liters)	Diesel fuel saved (liters)
1. Leguminous seeds, fodder crops, flax,	500	A25	11,750	A20	9,000	2,750
sunflower	500	A30	15,500	A20	9,000	6,500
2. Wheat, barley	1,000	A25	23,500	Disk/A20	14,500	9,000
3. Corn	1,000	A30	31,000	A25	23,500	7,500
4. Corn	800	A30	24,800	A25	18,800	6,000
Soy	200	A25	4,700	A20	3,600	1,100
5. Wheat	1,000	A25	23,500	Disk	11,000	12,500
6. Corn	800	A30	24,800	A30	24,800	---
Beets	200	A30	6,200	A30	6,200	---
TOTAL	6,000		165,750		120,400	43,350
Diesel fuel consumption (liters per hectare)			27.6		19.5	8.1
Mobilization of soil (in percentage of area) at:	10-15 cm	--		25		
	20-25 cm	45		58		
	28-30 cm	55		17		
Soil mobilized (cubic meters per hectare)		2,775		2,130		

A=ploughland

It depends on the sense of responsibility of the engineers and all workers in the agricultural units to give appropriate attention to the quality of soil work and to free the vegetable remains or the small choppings, an operation which to a great extent is a condition for the quality of the basic soil work. Of no less importance is the fact that the machine construction industry should place the big-capacity A-1800 tractors at the disposal of agriculture as soon as possible; they are supplied with the entire specific set of machinery for various agricultural jobs as well as other high-output agricultural equipment, among which I mention the ones needed to break up the vegetable remains, with a view to incorporating into the soil together with the basic work. The faster the machine construction industry delivers the necessary number of this type of tractor and agricultural machinery, the faster the possibilities will increase to improve and apply modern agricultural technologies.

Optimization of the consumption of natural and chemical fertilizers is one of the decisive conditions for creating a modern, intensive, highly productive agriculture of an industrial nature. All our experience shows that obtaining a big and constant production for wheat and barley, as well as the other crops, depends to a great extent on the correct application of fertilizers.

However, several special problems arise with a view to rational utilization of mineral fertilizers. Some belong to the agricultural workers, while others belong to the chemical production industry. It is a clear fact that the agricultural units have accumulated rich experience in applying chemical fertilizers. However, we encounter enough cases where, due to the insufficient concern of the agronomists, the chemical fertilizers are not being applied on time, not uniform and not in the proportions required by the crop cultivated, depending on the state of supplying the soil with nutritional elements and with water or required by the planned production and other characteristics specific to the agricultural units. Under such conditions, the chemical fertilizers no longer have the maximum effect and the rise in production is not as anticipated. But the national economy is affected both by the particular quantity of wheat or barley which is not produced as well as by the failure to recover the expenditures of energy incurred to produce the chemical fertilizers, through the equivalent in wheat. The antidote for such situations which are extremely harmful for the interests of the national economy is to implant a firm discipline in the use of chemical fertilizers and in affirmation of a high spirit of responsibility before the management of socialist ownership goods.

But the timely application of chemical fertilizers depends not only on the agricultural production units but, to a great extent, also on the chemical fertilizer combines. We feel that it is absolutely necessary that, in the interest of the national economy, the entire quantity of phosphorous be satisfied for the cereal crop by 15 October each year. It is understood that the industry produces throughout the year, but agriculture uses the phosphate fertilizers along with the potassium ones during the July-October period for the most part. In this situation it is necessary to rationalize their use so that the entire quantity of around 180,000-200,000 tons of P_2O_5 needed for the more than 3 million hectares of cereals be utilized exclusively in the fall. Due to the fact that the industry is not delivering the entire quantity of fertilizer when necessary, many agricultural units do not have available the necessary quantities of fertilizers, with the fertilization not being done in a rational manner, which seriously hinderes the growth of production. For example, it is known that phosphate fertilizers must be applied in the fall, together with the basic soil jobs, predominantly for the spring crops being sown in the first stage. Spring application of fertilizers with phosphorous, regardless of the chemical form they are in, to the grain crops leads to a reduction in the coefficiency of utilization of active substance of fertilizers by up to 60-70 percent, which means an inappropriate utilization of this important and scarce fertilizer produced in our country on the basis of raw materials imported.

Many of the difficulties encountered by the agricultural units in connection with the need for chemical fertilizers and their administration in the optimum period could be eliminated if the generalization of agrochemical centers were hastened in all counties. This difficulty in a way can be overcome by building some simple, intermediary warehouses which would provide appropriate preservation for the fertilizers, but in particular timely delivery in the quantities of fertilizer planned by the chemical industry, without this bringing any reduction in quality.

The basic thing in achieving big and constant production of wheat and barley is to assure the doses and corresponding ratios of fertilizer. In the last decade, the state has put forth great efforts to develop the fertilizer production industry. Despite this, the quantities of fertilizer used in our country's agriculture still are not satisfying requirements. The synthesis of experimental results shows that

a rise of a minimum 6 tons of wheat harvested is obtained for 1 ton N. Some $140-150 are obtained for 1 ton of N exported, while $190 are obtained for a ton of wheat. Thus we see that from an economic viewpoint it is efficient to use chemical fertilizers in our agriculture at the level of the need of the crops, which on one hand leads to maintaining or raising soil fertility and, on the other, to achieving big and constant production of wheat and barley, thus also creating reserves for export.

At the 1985 level, agriculture will use 325 kg of NPK per hectare of arable land, vineyards and orchards, a quantity which will satisfy requirements for the particular period. However, we feel that it is useful in the present, too, for our chemical industry to place at the disposal of agriculture at least the planned quantities of fertilizers, particularly in the periods in which it is used most efficiently by the crops.

Maximum utilization of the genetic potential of the seeds and hybrids is a basic condition for increasing production. Valuable varieties with high production potential have been created in the last decade for wheat and barley as well as for other crops. Whereas more than 98 percent of the area sown with wheat was filled by foreign varieties in 1970, in 1980 more than 75 percent were Romanian varieties. Their production potential, under conditions of experimentation, vary between 5,000 and 7,500 kg per hectare, with production of up to 6,500 kg per hectare being obtained in many agricultural units.

Increasingly broader penetration of science into agricultural practice requires the creation of new, more productive varieties which are more resistant to disease, to failure, to unfavorable climate conditions and which are of a high quality both for wheat as well as barley. Efforts in this direction must be intensified with a view to creating varieties with genetic resistance to disease, with varying genetic structures, which would provide big and constant harvests per unit of area year after year, regardless of the variability of climate conditions.

Practice shows that average production per hectare, for all types of soil, year after year is more than 4,000 kg of wheat at the research stations of the Academy of Agricultural and Silvic Production. Although the genetic potential is the same, for most of the agricultural units production is less. This shows that too little still is being done to generalize the achievements of science and to apply modern technologies in the wheat and barley crops with all strictness. No longer is there a need for us to demonstrate the special role played by sowing in the optimum period or assuring efficient density, along with optimum preparation of the germinative bed. In order to use the production potential of the soil fully and to utilize its varying periods of vegetation, it is necessary for each unit to cultivate a minimum of 2-3 varieties from various groups of precocity in order to assure that the ripening and harvesting are spread out; this would lead to elimination of harvest losses at full maturity by harvesting them with the combine. Along this line of idea, we feel it is timely to organize the production of seeds on specialized farms so that no production unit sows other multiplications but the sowing should be done only with the first and second multiplication, thus assuring high biological value for the seeds intended for sowing.

In an intensive agriculture the combatting of weeds, diseases and pests has proven to be extremely efficient technological link and to a large extent the fate of the harvest depends on respect for it. Connected with this aspect, I feel that extending

the methods for integrated combatting is the most efficient and least costly. By respecting crop rotations within which the rotation of herbicides also is done, which would be correlated with diversification of soil work, undoubtedly we would arrive at reducing the doses of chemical substances used, at increasing efficiency and obtaining big production with a reduced price per ton of product. Generalization of this method requires merely good organization and total discipline in respecting all the links in the technology of the wheat and barley crops. In this direction research is being called on to intensify its work. More attention must be given to the biological combatting of pests, an area in which remarkable progress has been made in some countries, just as research must be intensified in the area of creating varieties with higher genetic resistance to disease and pests. Since wheat and barley are plants from a crop which lends itself to minimum working of the soil, both agronomic research and, in particular, research in the area of mechanization should work out a machine system with which at least three or four jobs could be done at once a single pass .

Taking into account the specific nature of wheat and barley, whose crop technology is 100-percent mechanized, we are convinced that by grouping the forces of all the specialists, agronomists, machine operators, chemists and all workers in the fields into a perfect organization of the work process and through strict respect for all the technological links at the level of the material-technical base we have available, we can achieve an average production which exceeds 3,500-4,000 kg per hectare in our country, too.

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ECONOMIST MAKSIMOVIC DISCUSSES MALPROPORTIONS IN SYSTEM

Belgrade DUGA in Serbo-Croatian, No 174, 25 Oct 80 pp 24-25

[Interview with Dr Ivan Maksimovic Belgrade University Political economics professor by Misko Kalezic]

[Text] I admit, I was quite surprised when I became acquainted with him no too long ago, in Herceg-Novi. I expected a stern and serious professorial face. Nothing like that at all! Professor Maksimovic seems to be more like a poet than a person involved in the wholly unpoetic science of economics. In my meeting with Doctor Ivan Maksimovic, for the first time I understood that we are caught up in prejudices about the opposition between poet and economist.

Several days later, as I was waiting for him in the hall, I thumbed through his ample "curriculum Vitae!" My collocutor is, among other things, a full professor of Political Economics at the Faculty of Law of Belgrade University, and a corresponding member of the Serbian Academy of Science and Art. He is well known in both Yugoslavia and abroad as an author of scientific works in the field of economics, the theory and history of economic thought, and comparative economic systems.

Before we began our interview, my colleagues, the news photographers, fulfilled all their requirements. Soon the flashes stopped. The dialog began in Room 216 of the Law Faculty.

Internal Disproportion

Not long ago, the newspapers reported that Professor Maksimovic had expressed his dissatisfaction on what he called inappropriate solutions that characterize the current economic system. What is this really all about?

As his predecessors in this column had done, Professor Maksimovic points to the insufficient forethought of the systemic solutions. He considers our economic system taken as a whole has not been thought through carefully enough, in spite of the good foundations provided in the Constitution and in other constitutional documents. Maksimovic states: "The basic problem lies in the fact that no interdependence exist among the actuating elements. When I say actuating elements, I mean primarily the bases of the system--social self-management and public ownership."

Without much hesitation, our collocutor said: "Public ownership, let us say, assumes a number of built-in standardizing elements in the system. In its ordinary sense, this means distribution according to the results of work and full employment. The attainment and the distribution of income have to be interdependent, to the sense that income is attained on the basis of the factors that contribute to its creation."

"Not a single one of these elements has been systematically solved to a satisfactory degree," asserts Maksimovic. In his opinion, the same could also be said for other vital systemic regulators, such as the market and the plan, a uniform economic market, and the national economy. Neither the functions of socio-political communities and the federal government, on one hand, nor of the republics, on the other, are an exception to this.

I realized that all of this was necessary for my collocutor in order to make an important conclusion:

"These mutual functional ties, which have only been stressed in the Constitution, have not been thought out, even through constitutional legislation, nor have they been realized in practice. Therefore, in effect, we have a system suffering from internal disparities. It is suffering from an inoperability that reinforces the action of external factors even more. In this case, I refer primarily to the difficulties connected with the foreign market, and the indebtedness of the economy."

From his deliberations on the innumerable digressions, Academician Maksimovic turns to the system-development relationship. To make matters worse, in his opinion, neither one or the other of these two vital elements ("the system must serve development!") has been thought through the way it should have been. Moreover, they have always been kept separate from one another.

"The system mainly concerned the problems of organization of self-management on the micro level, and development was under the "jurisdiction" of economic policy, caught up in etatism, and subject to considerable political influence. By the very nature of things, this led to disparity. I am almost sure that the greatest part of today's crisis is the result of these contradictions and lack of coordination. Much more so than the external factors..."

Ah, That Co[illegible]ion

During the further course of the conversation, I asked Professor Maksimovic to tell us a little more about the production-consumption relationship. Perhaps we are compelled now, more than before, to make a determination here also. Therefore, priorities and long-range policy, it appears, have to become a part of clear decision-making.

First of all, my collocutor wishes to emphasize that our main problems lie in the cost structure. Or, more precisely, in the structure of the primary distribution of net income, and in the relationship between capital accumulation and general consumption. "All the polemics in the realm of primary distribution, both on the theoretical level and on the level of economic policy occur with regard to the great

disparities that exist here. These disparities in actuality also govern the differences in consumption, as well as the differences in economic position. They are also reflected in the same way in the irrational allocation of economic factors," asserts Maksimovic with confidence.

Does all of this not lead to the creation of privleged stratum? To the posed question, we receive the passionate response:

"Certainly, certainly..."

The professor uses consumption as a concrete example. He considers that the fact that general consumption is out of proportion is not the only problem. In actuality, he would not even bother elaborating this point fully. This is why he says: "I recall that I have always told my students that general consumption is something that has to be a part of the long-range outlook of socialism." As it appears, the well-known economist is thinking of reducing personal consumption in favor of the so-called collective consumption forms. "When we want more community property, such as theaters, cultural clubs, schools, and health care institutions, then it is natural that it [collective consumption] has to increase," our collocutor states casually.

"On the other hand, however, a large portion of general consumption in our institutional framework goes to the wage account," states Maksimovich, and he adds:

"We have 10,000 SIZ [self-managed interest communities] and about 100,000 subjects that are maintained and financed by this general consumption. Also, we have a large number of professional functions, social, political, and other functions that have nothing to do with a real relationship to productive work. Indeed, their work is difficult to measure. In actuality, it is possible that it could be measured indirectly by analogous results and parameters for economic and social life." Because of this, he assures us: "We must have common criteria. If we do not have this, in my opinion, this does not at all match up with any socialist principles."

Maksimovic is in complete agreement with the deep-rooted idea that our society spends more than it produces. "During recent years, and this is already a 10-year period, we have been continuously adding a few percent of interest from foreign loans to our national income. If I remember right, currently, it is necessary for 6-7 percent of our national income to go abroad in order for us to be able to satisfy our domestic consumption needs. And this is a sizeable sum, an enormous sum! Of course, for this sum we would have to cut down our consumption.

"However, the matters become more complicated by the fact that to a great extent, we have built up a consumer mentality. Another question here is: Why!? Furthermore, we built up this consumer mentality on something that in actuality does not raise the social well-being. If, let us say, we had solved the question of private housing construction, then we would be able to direct a part of the funds for travel abroad toward construction. However, all of this has gone along other roads. From the standpoint of its structure, there is even something that is irrational in this consumption. This is evident if we look at the volume and size. It is considerably greater than our productive potential. Probably this is also because of the fact that there exist no direct connections between production and consumption. In our country, you can produce little, and consume much more."

The reason for this is given by Professor Maksimovic in the brief conclusion:

"Again, this is the result of disjointedness between the results of work and personal income. Something is just not right here!"

Our collocutor has a plethora of examples. And what is most important has to come forth from the confines of the building in which we are conducting this conversation. "Let us look at this, let us say, from the standpoint of the university, of every faculty...No kind of stimulation for qualitative forms of teaching, scientific work, writing, in general--creativity. In fact, nothing." Here again, the unease of our interlocutor, who waves his hands in futility, is not concealed...

Ethics and Economics

I do not know whether I am mistaken, but it seems to me that we have not adequately thought through the relationship between ethical questions and economic practice. Without an answer to this question, it seems to me that our self-management practice lacks any specificty--I pose the question to Academician Maksimovic.

Before answering the question which "struck him to the quick," Maksimovic wanted to say that he is one of the rare economists in Yugoslavia who has devoted sufficient attention to those "marginal" limiting structures, such as philosophy and ethics, which are so important for economics. At one time, he also had written on the subject of ethics and economics.

"It is known that economic relations, production relations cannot give sufficient strength to socialist production relationships. They have to be permeated with political, ethical, and other values. In this way, some form of connection between ethical and economic principles has to exist. Our practice in this respect is considerably out of step, and this is clear now more than ever..."

After a short explanation of the dangerous "contradictions," he states:

"I cannot approve as ethically justified the situation where this society can permit itself such a rate of unemployment in favor of certain forms of construction of non-production structures, consumption... I repeat, irrespective of how important they might have been from the standpoint of culture, civilization, and industrial civilization. It seems to me that the entire concept of our system is based, and here I would agree with Horvat, more on a capital-intensive rather than on a labor-intensive economic structure." Our eminent economist also offers a solution. "We are a country which ought to conduct a policy of gradual transformation, in other words, we ought to have established a large number of economic branches and areas to satisfy both one [capital intensive] and the other [labor intensive] principle." Now, with somewhat greater indignation, Maksimovic states: "there are no ethical solutions or justifications at all, nor are we able to convince young people who are unemployed of the superiority of our self-management system and of self-management. Here, it is not a question of conviction and belief."

With complete openess, the professor wants to say that he is not a great opponent of traveling abroad for temporary work. However, this should be only temporary, individually..."If such would be needed as a substitute for solving the employment question in our country, I would not consider it a solution. For, a large number of people do not return at all. We are demonstrating an inability to solve this problem. It is better to live even with less consumer goods and less luxuries and to provide people with some kind of work, and to make efforts to development of various types of production.

"It seems that in this aspect, on the strategic level, there were considerable mistakes also in the large migrations from agriculture into industry. In this way, we created a quasi-modern proletariat, a quasi-working class, which was neither a real working class, nor a peasantry." So spoke Prof Dr Ivan Maksimovic with ample convincing arguments.

Let us return, finally, to ethics and economics. Maksimovic, not without justification, states how in the relationship of ethics and economic factors, we have again adopted certain elements of capitalist economics. The paradox is even greater in that these are elements that the capitalist economy is no longer afflicted with. "it does not consent to great living standard inequalities in for the same category of people either. We have to be aware of this. The more aware we are beforehand, the better it will be later on!" Let us add: better sometime than never.

At the end of the gloomy autumn day, when this conversation between us had ended, it seemed that Academician Maksimovic's working day had just begun. New obligations were awaiting him at the Serbian Academy of Sciences and Art. Hurrying away, as we were parting, he still managed only to complain about the students, who, he said, have interest in nothing but transitory analyses. And nothing more.

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